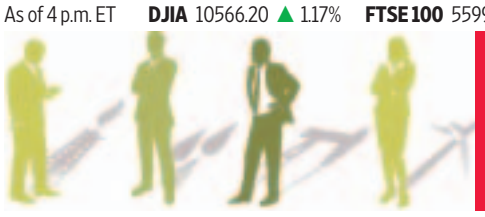
As of 4 p.m. ET **DJIA** 10566.20 ▲ 1.17% **FTSE 100** 5599.76 ▲ 1.31% **Nikkei 225** 10368.96 ▲ 2.20% **Shanghai Comp.** 3031.07 ▲ 0.25% **Hang Seng** 20787.97 ▲ 1.03% **Sensex** 16994.49 ▲ 0.13% **S&P/ASX 200** 4767.24 ▲ 0.35%



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Iraqis flock to polls amid election-day violence

Associated Press

Iraqis voted—in what appeared to be large numbers—amid a spasm of violence Sunday, marking Iraq's first parliamentary polls since 2005. Above, residents gather at the scene of a blast that leveled a building in Baghdad. Results were expected in several days. **Page 6**

China signals defiance on U.S. relations

BEIJING—China offered its first real sign of flexibility in years over the exchange rate of its currency, a growing source of friction with the U.S., but gave little hope that it would accommodate Washington on Iran and other thorny foreign-policy issues.

*By **Andrew Batson**, **Terence Poon** and **Shai Oster***

Central bank Gov. Zhou Xiaochuan said China will eventually move away from its current exchange-rate policies, which he described as a temporary response to the global financial crisis, but played down the idea that a move could come in the near future.

Mr. Zhou's comments Saturday at a news conference during the annual session of China's legislature, the National People's Congress, could fuel optimism in the U.S. and other countries upset over China's currency policy that Beijing may start letting the yuan appreciate, although not as quickly as many foreign governments desire. Critics complain that the yuan's suppressed value makes China's exports unfairly inexpensive, disadvantaging other countries.

China's foreign minister sounded a defiant note on other sensitive issues with the U.S. in a separate briefing Sunday. Yang Jiechi told reporters it is up to the U.S. to mend frayed relations, which he said had been hurt by American arms sales to Taiwan and by President Barack Obama's meeting with exiled Tibetan spiritual leader the Dalai Lama. "The responsibility for the difficulties in China-U.S. relations does not lie with China," the foreign minister said.

Mr. Yang reiterated China's opposition to sanctions on Iran over its nuclear program, despite intensifying efforts by the Obama administration to win Beijing's support. Last week, the White House sent two senior China hands, Deputy Secretary of State James Steinberg and the National Security Council's Asia director, Jeffrey

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Another AIG deal hangs in limbo

By Peter Stein

American International Group Inc. can celebrate success at negotiating the sales of its biggest international units. A more muted air hangs over another deal the insurance giant negotiated, a deal stuck in limbo amid unusually close regulatory scrutiny and previous allegations of Chinese intrigue.

THE VIEW FROM HONG KONG

Last October, AIG agreed to sell off its Taiwan unit, **Nan Shan Life Insurance** Co., for US$2.15 billion to a consortium made up of **Primus Financial Holdings** Ltd., a start-up firm looking to acquire financial assets, and **China Strategic Holdings** Ltd., a Hong Kong-listed former battery manufacturer. While the buyers weren't household names, their offer exceeded many expectations and marked the biggest move AIG had yet made toward raising the funds it needed to pay back the U.S. government for its bailout during the financial crisis.

Since then, the deal has gone nowhere, fast. Taiwan's Investment Commission, which vets foreign investment into the island's economy, has yet to give its blessing but won't even begin reviewing a new official application submitted in January—the first one was kicked back for lacking enough detail—until after it meets with a group of Taiwan lawmakers, possibly later this month. It is fairly rare for Taiwan's legislature to get involved in approval for a deal like this.

And if the Investment Commission gives the go-ahead, the Financial Supervisory Commission also needs to offer its support.

Taiwan's Investment Commission won't review a new application until it meets with lawmakers, perhaps later this month.

Those involved in the deal are frustrated at the delays and had expected a better sense by now on how long the process would take, according to a person close to the situation.

A separate sale of a portion of AIG's advisory and asset-management business to Richard Li's **Pacific Century Group** for as much as $500 million was supposed to close by end-2009 but has encountered multiple delays and has yet to be completed. The unit, AIG Investments, is being renamed PineBridge Investments in conjunction with the sale, AIG said in November.

Several concerns have held up the Nan Shan approvals. One is that the buyers aren't established players in the insurance business, and some have questioned the wisdom of entrusting the accounts of Taiwan's third-largest insurer by gross premiums to relative newcomers. The consortium argues that its leaders, includ-

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What's News—

* * *

Business & Finance

■ **One of the most powerful** bull markets ever hits its first anniversary this week, and individual investors hate U.S. stocks almost as much as they did last March. So far in 2010, investors around the globe have put $2 billion into emerging-market stocks and $20 billion into U.S. bond funds. **21**

■ **Fujitsu said** its former president left last year because he was indirectly linked to a company with an "unfavorable reputation," correcting its earlier explanation that he resigned due to illness. **21**

■ **Panasonic will discount** its new 3-D televisions and set up special displays at Best Buy electronics stores in the U.S. **24**

■ **China Unicom is working** with Apple to introduce iPhones with Wi-Fi capability to China. **23**

■ **Apple's iPad will hit stores** April 3, a few days later than expected but not enough to rattle investors eager to see how consumers respond to the device. **23**

■ **CNPC received** Beijing's clearance to jointly develop coal-bed methane projects with foreign partners. **24**

■ **Icelanders roundly rejected** a deal to repay the U.K. and the Netherlands $5.3 billion from the collapse of an Internet bank, complicating the country's bid to access badly needed aid. **8**

■ **Merkel signaled** that Germany and its EU partners would intervene to rescue Greece if its financial problems threatened to spiral out of control. **8**

■ **Taiwanese authorities** stepped up a probe into the scandal surrounding the late financier Danny Pang, searching offices and homes of people connected to his firm to investigate potential improper distribution of financial products. **26**

■ **China Development Bank** is considering deepening its ties with Britain's Barclays. It already owns 2.07% of the lender. **26**

■ **An effort by U.S. regulators** to limit the leverage retail investors can use in foreign-exchange trading triggered an uproar. **29**

■ **India's Essar will acquire** Trinity Coal of the U.S. for $600 million, giving the steelmaker direct access to a key raw material. **24**

■ **The U.S. economy shed** fewer jobs than expected in February, and the unemployment rate was steady at 9.7%. **9**

■ **Japan's central bank** looks more likely to ease its monetary policy further in coming months, analysts say. **4**

European Pressphoto Agency

Palestinian protesters participate Sunday in a demonstration against Israel's separation barrier in the West Bank village of Beit Jalla.The Palestinian leadership agreed to hold U.S.-mediated peace talks with Israel for four months, effectively ending a 14-month breakdown in communications between the two sides.

■ **China Eastern Airlines said** it expects its passenger volume to rise more than 20% this year. **25**

■ **Higher-yielding currencies** such as the Australian dollar are likely to gain this week as investors grow more confident about the economic outlook. **31**

* * *

World-Wide

■ **Pakistani officials said** they arrested Adam Gadahn, the American-born spokesman for al Qaeda.

■ **Iraqis flocked to the polls** in large numbers, despite a spasm of violence early Sunday, in the country's first parliamentary elections since 2005. **6**

■ **Afghanistan's two main** insurgent groups clashed with each other, highlighting tensions that have been brewing between the Taliban and their main ally, warlord Gulbuddin Hekmatyar. **3**

■ **The U.S.-led effort** to flush the Taliban from a stronghold in southern Afghanistan was dealt a setback by a controversy over the man chosen by the Afghan government to run the town. **14**

■ **Pakistan's president** is under pressure to name a credible finance minister after the previous officeholder resigned. **7**

■ **Philippine marines killed** at least seven al Qaeda-linked militants in a raid, officials said.

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Georgia Rep. Nathan Deal won't be making House Speaker Nancy Pelosi's job on health care easier after all.

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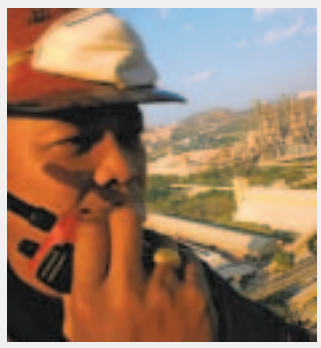

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WORLD NEWS

Rebel groups clash in Afghanistan

By Yaroslav Trofimov

KABUL—Afghanistan's two main insurgent groups engaged in deadly clashes with each other over the weekend, highlighting the tensions that have been brewing for months between the Taliban and their main ally, warlord Gulbuddin Hekmatyar.

The infighting, which caused dozens of casualties in the northern Baghlan province, was restricted to a relatively small area and didn't spill to other parts of the country. The bloodshed was highly unusual, after eight years of close cooperation between Mr. Hekmatyar's men and the larger Taliban movement led by Mullah Mohammad Omar.

The immediate beneficiary of this violence was President Hamid Karzai's administration, as more than 60 insurgents from Mr. Hekmatyar's Hezb-i-Islami movement surrendered to security forces, according to Afghan officials.

"This is a gain for the government—one of its enemies is getting weaker," said Abdul Haq Mazhari, a lawmaker representing Baghlan.

Unlike the Taliban, who refuse any negotiations with President Karzai, Mr. Hekmatyar has said he would be open to a political settlement that involves elections under a neutral caretaker once foreign troops agree to withdraw. A wing of Hezb-i-Islami already participates in Mr. Karzai's administration and sits in the Afghan parliament.

Mr. Hekmatyar, a leading mujahedeen commander during the U.S.-sponsored anti-Soviet jihad and a former Afghan prime minister, fought against the Taliban in the 1990s and fled to Iran once the Islamist movement seized Kabul. He joined forces with Mullah Omar and Osama bin Laden only after the U.S. invasion in 2001 empowered a new Afghan government that excluded Hezb-i-Islami. In a videotape provided to The Wall Street Journal in January, Mr. Hekmatyar claimed he hasn't spoken with Mullah Omar for years; unlike another Afghan insurgent leader, Sirajuddin Haqqani, Mr. Hekmatyar refused to pledge allegiance to the Taliban supreme chief.

Hezb-i-Islami fighters have traditionally dominated the insurgency in northeastern and northern Afghanistan, while the Taliban are strongest in the south and the southeast. In recent months, however, the better-financed and more disciplined Taliban have been making steady inroads into Hezb-i-Islami strongholds.

American military commanders say many Hezb-i-Islami fighters in the northern and northeastern provinces have started freelancing for the Taliban; Mr. Hekmatyar's recent overtures to Kabul, they add, are dictated in part by his fears of Hezb-i-Islami being absorbed into Mullah Omar's organization.

This weekend's fighting centered on the Baghlan-e-Jadid district of Baghlan province, a populous area straddling a major supply route from Kabul to Tajikistan. Insurgents control large pockets of the province, which is overseen by a small Hungarian military contingent. It hasn't been targeted by the recent surge of American troops, which has focused on the Marjah area of the southern Helmand province, seized from the Taliban in a massive offensive last month.

Mr. Karzai and the top allied commander in Afghanistan, U.S. Gen. Stanley McChrystal, visited Marjah on Sunday, meeting local elders and signaling the return of government authority there.

In Baghlan, the infighting among the insurgents broke out Saturday morning, after some armed Taliban entered the village of Kok Chinar, home to prominent Hezb-i-Islami commander Mullah Mirwais, who has recently been negotiating a possible reconciliation with the government. Though Hezb-i-Islami men disarmed the Taliban intruders, this "led to an exchange of hot words, which later developed into an armed clash," said Mr. Hekmatyar's spokesman, Haroon Zarghoon.

The Taliban's aim was to start collecting the religious tax, or zakat, in the area, essentially displacing Hezb-i-Islami's authority, according to Mr. Mazhari, the local lawmaker. Although the Taliban didn't hail from the village, their arrival appears to have garnered local support, in part because of the heavy-handed rule by Mullah Mirwais's men, he added.

As Taliban reinforcements poured in from other parts of Baghlan and from neighboring Kunduz province, the battle—waged with heavy machine guns and rocket-propelled grenades—turned against Hezb-i-Islami by Sunday afternoon. According to the Afghan regional police commander, 35 Hezb-i-Islami members and 15 Taliban have been killed. Mr. Zarghoon, Mr. Hekmatyar's spokesman, put the toll at eight insurgents killed and dozens injured.

In any case, according to Baghlan provincial Deputy Police Chief Zalmay Mangal, "all the areas [in the province] that used to be controlled by Hezb-i-Islami are now under Taliban control."

So far, the violence appears to be contained, and doesn't signify a definitive break between the two groups. The Taliban—who posted four press releases on their Web sites on Sunday—have kept silent about the fighting in Baghlan. Reached by phone, the Taliban spokesman, Zabihullah Mujahid, said he wasn't aware of the incident.

Mr. Hekmatyar also tried to defuse the tension. According to Mr. Zarghoon, the warlord "directed Mullah Mirwais to maintain maximum restraint and to make every effort to pacify the situation."

—Arif Afzalzada in Kabul and Rehmat Mehsud in Islamabad contributed to this article.

Associated Press

Hamid Karzai in Marjah on Sunday.

■ Personal history trips up Marjah's new administrator..... Page 14

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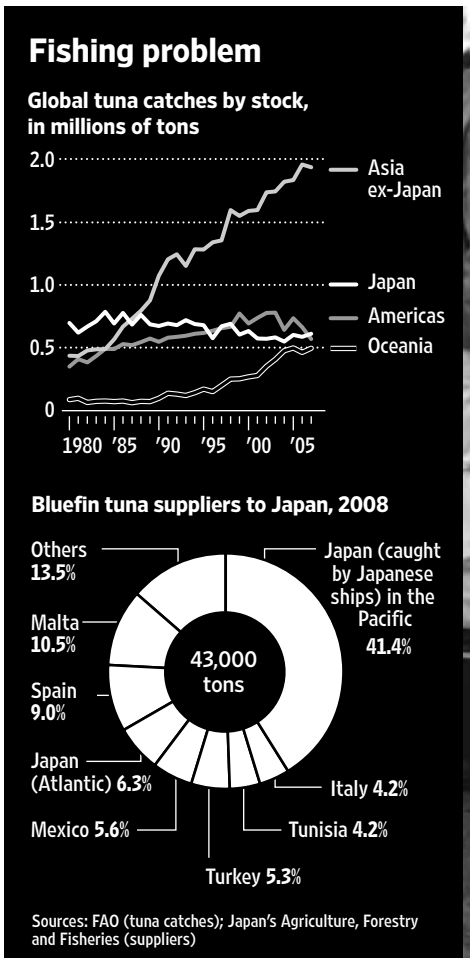

A fishmonger cuts up tuna at his shop in Tokyo's Tsukiji market last month.

Agence France-Presse/Getty Images

Japan objects to proposed tuna ban

Country's government threatens to defy the consensus of the international community if bluefin rule is approved

By Yuka Hayashi

TOKYO—Japan, whose unique seafood-eating culture is coming under increasing criticism as fish stocks decline, is facing another challenge as an international wildlife protection body prepares a ban on trading of bluefin tuna.

Alarmed by sharp declines in the population of the species from overfishing, member nations of the Convention on International Trade in Endangered Species are likely to approve a proposal to ban import and export of bluefin tuna in the Atlantic at their meeting in Doha, Qatar, starting next Saturday. A number of nations, including the U.S., have expressed support for the proposal, making it likely it will win two-thirds of the votes needed to pass at the 175-member body, government officials say.

Japan, which consumes 70% to 80% of the global catch of bluefin—a pricey breed prized for sushi and sashimi—and about a quarter of all tuna, has unsuccessfully fought the proposal, and Japanese government officials are now threatening to "opt out"—essentially defy the consensus of the international community—if it is approved in its current form.

"Japan would have no choice but to take a reservation if the CITES vote to include bluefin in Appendix 1," Hisashi Endo, a negotiator from Japan's Fisheries Agency, said, referring to the list of endangered species whose trading is prohibited.

Under the terms of the convention, Japan wouldn't face any penalty for opting out—though it is likely to face widespread criticism. The next step would be for countries seeking a ban to try and negotiated a compromise with Tokyo.

The proposed ban is the latest headache for Japan's fisheries officials who have faced increasing heat from environmentalists and other governments in recent years as the desire to protect marine resources has grown around the world.

Japan has been forced to curtail catches of other types of tuna in recent years, and is competing more and more with China and other increasingly wealthy Asian neighbors as their demand for seafood rises. Japan is also under pressure to stop whaling, a less-significant but long-lasting practice in the nation.

In opposing the CITES proposal, Japan says managing bluefin resources should be done by the International Commission for the Conservation of Atlantic Tunas, another international body, made up of a smaller number of fishing nations. "We aren't convinced bluefin tuna should be thrown in the same league as the tiger and the giant panda, whose populations number in thousands," Mr. Endo said.

The new agreement could be weakened significantly if Japan, the primary player, stays out. Any nation that declines to adhere to the ban would continue to trade in the species as if the ban didn't exit, providing that it can find a partner also opting out of the agreement.

Japanese officials say other tuna-eating nations like South Korea and developing countries along the Atlantic and the Mediterranean will also likely disregard the ban, though none has formally lodged opposition to the proposal like Japan has.

The European Union has expressed support for the ban but proposed changes that would make it less strict. The EU, which includes bluefin fishing nations like Italy and Spain, wants to introduce a 12-month grace period before the implementation of the pact and set up a standing committee to review the ban later this year. It also wants to allow "artisanal fishing firms" along the Mediterranean coast to continue fishing.

Driven by what environmentalists call "luxury fish markets" in Japan, the stocks of bluefin tuna in the Atlantic and the Mediterranean oceans are estimated to have dropped to 15% to 30% of the levels four to five decades ago before large-scale international trading in the fish started, according to the CITES.

"Whatever has been tried so far [to manage the resources] hasn't been successful," said David Morgan, chief scientist at the Geneva secretariat of the CITES. "Something needs to change. Otherwise there will be no fish left."

Mr. Morgan said member nations will work during the conference to forge a consensus agreement and prevent some members from entering objections. To accommodate opposing nations, the proposal could be revised to make it "less strict," he added.

——Makiko Segawa contributed to this article.

WSJ.com

Watch a video report on Japan's efforts to oppose the proposed ban on bluefin tuna at **WSJ.com/OnlineToday**

BOJ faces choice in fight against deflation

By Takeshi Takeuchi And Tomoyuki Tachikawa

TOKYO—Japan's central bank looks more likely to ease monetary policy further in coming months, analysts say, though the finance minister offered few hints Friday on the possibility of additional monetary easing steps at the Bank of Japan's next policy board meeting.

"I haven't heard such a message directly from the BOJ. But both the government and the bank share the view that each has to make its own effort to beat deflation," Naoto Kan said at a regular news conference. "As I have said again and again, I welcome the BOJ's efforts to fight deflation."

The central bank's next two-day policy meeting starts March 16.

The big question, however, is how aggressive the easing steps might be. While the Bank of Japan does appear to want lower "term" interest rates, or rates on loans of one year or less that banks base their lending charges on, on the hope cheaper loans will spark increased economic activity, it probably won't take such a radical step as to guide these rates lower in the near-term.

Analysts say at least initially the BOJ might not go too much further than the current framework of keeping the policy rate at 0.1% due to worries that diving right into radical loosening steps could hurt the stability of financial markets.

Japan's share market cheered the possibility of more monetary easing by the BOJ on a report in the Nikkei that the BOJ will discuss such measures at its next meeting, with the Nikkei 225 Stock Average rising 2.2% to 10368.96 Friday.

Analysts say that a combination of lingering deflation, worries about whether domestic demand would hold up and government pressure could lead the BOJ to ease further.

"The BOJ is now in a position where it needs to do something," said Izuru Kato, chief economist at Totan Research. But BOJ watchers disagree about what sort of steps the central bank might consider.

The least surprising move by the BOJ would be for it to put more money in its three-month lending program, whose funds are running out. The program, started in December, earmarks 10 trillion yen ($111 billion) in funds that can be lent out at a 0.1% rate, and there has been strong demand for the loans because the rate is so low.

A tougher decision for the BOJ would be to lengthen these loans to six months from three, which the Nikkei reported was a possibility.

There is concern among some BOJ officials about whether it would be wise for the central bank to explicitly try to bring down longer-term interest rates such as six-month rates. Offering cheap six-month loans to banks would amount to that, says one person familiar with the BOJ's thinking.

The concern is that targeting longer rates could prompt increased government pressure on the BOJ to also try to bring down bond yields. To do that, the BOJ would probably have to buy more bonds from the market, which it doesn't want to do. That is because excessive bond purchases by the central bank could prompt market worries about whether the government's debt issuance is sustainable. Those worries could push interest rates higher.

Bloomberg News

A Siam Cement worker at a factory in Saraburi province. Siam Cement has said an impasse at an industrial site will weigh on its earnings.

Thailand tackles environment

After years of industrial expansion, investors grow concerned about bureaucratic hurdles

By James Hookway
And Wilawan Watcharasakwet

MAP TA PHUT, Thailand—Thailand's biggest foreign investors have learned to live with a lot in recent years, including mass protests, airport closures and persistent rumblings about military coups. But now there is another issue that has companies such as **Ford Motor** Co. and a host of petrochemical firms wondering if they should be putting their money somewhere else: the government's struggle to deal with tough new environmental regulation.

In September, a Thai court sided with the country's growing green movement and suspended $12 billion in investments on Thailand's industrial eastern seaboard—the world's eighth-largest petrochemical hub—until their environmental impact can be properly assessed. The move caught the government by surprise, and leaders worry the injunction could shave half a percentage point off Thailand's expected 4%-5% growth rate this year.

The move also provided new evidence that environmental activists are gaining ground in parts of developing Asia after years of largely ineffective lobbying—a development that could further ramp up regulatory hurdles for large investors. Activists have likewise stepped up their lobbying in Indonesia, Vietnam and China over the past several years, at times pressuring their governments to slow or cancel environmentally sensitive projects.

Bangkok hopes to set up a new environmental-monitoring agency within five months to quickly assess and approve new projects and keep investment flowing into the country. But a growing number of companies, including many that aren't involved in the oil and chemical industries and have solid green credentials, now are becoming increasingly concerned about the changes and the uncertain regulatory environment they have created, and they want the investment crisis solved as soon as possible.

Ford is among them. It already exports vehicles to more than 50 countries from its Thai manufacturing plants. Last month, the company told The Wall Street Journal in a statement that it wasn't ready to commit to plans for a new passenger-car plant it is considering building, shocking Thai authorities who have counted on big investments from foreign auto makers to boost growth. Ford said there are "ongoing assessments" of its plans for the new car plant, and stressed that "a number of related factors must still come together before any decisions could be considered."

The Japanese Chamber of Commerce in Thailand, meanwhile, on Jan. 28 warned that some of its members were considering relocating to other countries if the problem drags on.

Munenori Yamada, president of Japan's External Trade Organization for South and Southeast Asia, told reporters in Bangkok in late February that the latest crisis is a bigger turn-off than Thailand's persistent political conflicts, which lead to a military coup in 2006 and a siege of Bangkok's airports by antigovernment protesters in 2008. Some Japanese companies are already struggling financially as they absorb costs related to the Map Ta Phut impasse, he said, and may seek financial support from the Thai government.

Thai industrial conglomerates Siam Cement PCL and PTT PLC have warned the Map Ta Phut problems will weigh on earnings, with PTT saying its net profit could fall 5% in 2010 and more in 2011 if the suspensions remain in force.

Siam Cement and PTT have both said they comply with international standards and will work with the government to resolve the problems at Map Ta Phut.

"The Thai activists are wielding an incredible hammer to effect change, and this is a real test to see whether the Thai government can put in place the right system of checks and balances," says Denny Larson, executive director of California-based Global Community Monitor, an environmental advocacy and community support group.

For decades, Thailand's industrial zones expanded unhindered by the kind of safeguards demanded by citizens in more developed countries such as the U.S. or in Europe. Residents affected by toxic spills or contaminated groundwater rarely took their grievances to the local authorities, and if they did, they were routinely ignored, although the Thai government says it follows international standards. It was the same in many of the developing world's high-growth zones.

In more recent years, environmental groups have forged stronger international links, emboldening local activists. International pressure from environmentalists and some governments, meanwhile, has helped speed up some countries' efforts to reduce carbon emissions, while some authoritarian countries are growing more nervous about nascent green movements. In Vietnam, for instance, young activists have joined forces with aging war heroes to oppose a Chinese-backed bauxite mine, though the project appears likely to continue.

In Thailand's Map Ta Phut region, one of the key players in the transition toward stricter environmental oversight is a durian farmer named Suthi Atchasai.

He says he has noticed his durian orchard on the outskirts of the Map Ta Phut industrial zone deliver a smaller yield of the spiky, pungent fruit in recent years—something he suspected was related to growth of petrochemical businesses in the area. Thailand's National Cancer Institute in 2003 recorded bladder, breast, liver, throat and blood cancers rates in the area that were the highest in the country—something that activists and medical experts say could be attributable to the heavy pollution levels in the area.

Then, in 2005, the government diverted water away from Mr. Suthi's orchard toward water-hungry businesses in the industrial zone. It was the final straw. Mr. Suthi joined forces with environmental activists and a lawyer, Srisuwan Janya, to build a case forcing Thailand's government to live up to a commitment to clean air and water that it had written into its constitution.

They won. Sixty-four projects at the Map Ta Phut site valued at around $8 billion are still on hold after Thailand's Administrative Court initially suspended 76. Last month, the same court said building work at nine more projects could go ahead. In the meantime, local activists now are looking at starting legal action to suspend 181 other projects across Thailand. "The Map Ta Phut case is a small step forward to ensuring that there are real community rights in Thailand. Not just lip service, but something real and concrete," says Mr. Suthi, 33 years old.

Taking a stand against some of Thailand's most powerful business interests and the politicians who protect them was—and still is—a potentially dangerous course of action, activists say. In an interview with The Wall Street Journal, Mr. Suthi said that when he was preparing to file his lawsuit two years ago, 10 men came to his house to warn him to back down. He wasn't there, but they left a message with his mother and 4-year-old son to tell him to stop. Mr. Suthi said his mother told him to keep going.

On Jan. 18, Mr. Suthi informed police in Map Ta Phut that people were attempting to intimidate or trick other residents into withdrawing their names from the lawsuit—something that might hurt the activists' plans to pursue other cases—but declined to say who he thought was behind it. Police acknowledged receiving Mr. Suthi's complaint, and his account couldn't be independently verified.

"There's an underground movement trying to divide us—but we won't let them," he says.

Singapore raises level of terror alert

By En-Lai Yeoh
And Sam Holmes

SINGAPORE—Singapore raised security alert levels after receiving specific intelligence about a terror plot to attack ships in the Malacca Strait, a key waterway linking the Middle East and Europe to Asia, the city-state's home affairs minister said Friday.

"All alert levels have been raised, not just for ships, but also for the security measures that we have undertaken for Singapore," Wong Kan Seng said in Parliament, according to a transcript posted on his ministry's Web site.

A spokeswoman for the Ministry of Home Affairs said this meant the alert levels for all Singapore government agencies have been raised in response to the possible threat.

Singapore authorities Thursday urged vessel owners to adopt protective measures similar to those used by ships in the Gulf of Aden off the Somali coast. The Singapore Navy said more personnel should be put on watch at night and said ships should avoid fishing communities off Sumatra island in the Malacca Strait.

The Singapore Navy "received indication that a terrorist group is planning attacks on oil tankers in the Malacca Strait," an advisory to shipowners read. "The terrorists' intent is probably to achieve widespread publicity and showcase that it remains a viable group."

The Navy's advisory didn't identify the group, but al-Qaeda-linked regional terror network Jemaah Islamiyah—blamed for the 2002 and 2005 Bali bombings and numerous attacks in Indonesia and the Philippines—remains the biggest threat to Southeast Asia, regional governments have said.

Gen. Joko Santoso, Indonesia's Armed Forces Chief, said he had ordered military intelligence and several companies of commandos to search the strait.

Asked whether an international terrorist network might be operating in the area, Gen. Santoso said this was "a possibility," but said there wasn't any evidence so far.

Singapore, with a large expatriate community, has also said Jemaah Islamiyah extremists once hatched a plot to fly planes into Singapore's Changi Airport and bomb the U.S. Embassy and naval facility here.

"We have also deployed police liaison officers in Jakarta and Manila to facilitate cooperation and timely intelligence exchanges with these two countries," Mr. Wong said Friday.

He said security has in recent times been heightened at land and sea checkpoints, as well as high-risk targets such as the newly opened casino on the resort island of Sentosa in response to the recent evolution in "terrorist tradecraft and methods."

The number of ships passing through the Malacca Strait this year will total 117,000, according to an estimate by the Ocean Policy Research Foundation. About 15 million barrels of oil a day go through the strait, according to a 2006 U.S. Energy Department survey.

The narrow waterway straddles Singapore, Indonesia and Malaysia. Analysts said terrorists might hijack an oil tanker and use it as a "floating bomb."

Reuters

An Iraqi policeman frisks residents waiting to vote at a polling station in Ramadi,, west of Baghdad, on Sunday. Turnout for the parliamentary elections appeared high.

Iraqis head to polls despite violence

Turnout appears high amid countrywide attacks killing at least 36; Obama praises voters and security forces

By Charles Levinson

BAGHDAD—Despite a spasm of violence early Sunday, Iraqis flocked to the polls in what appeared to be large numbers, marking the country's first parliamentary elections since 2005.

Polls were scheduled to close at 5 p.m. local time, but some stations remained open to accommodate lines of voters. Iraq's high electoral commission scheduled a news conference at 9 p.m. in Baghdad. Party officials said they might release their own preliminary results later Sunday evening, but no official results are expected for several days.

A series of morning attacks cast an early pall over voting, seeming to confirm fears that insurgents would disrupt the process. At least 36 Iraqis died in dozens of attacks around the country as the voting began. The death toll is likely to rise in the aftermath of the bombings.

The violence subsided in the afternoon, and didn't approach other, recent attacks in the capital of Baghdad, marking a victory of sorts for Iraq's security services.

Mortar attacks in the restive northern city of Mosul and its surroundings forced five polling stations to temporarily close there. By midday Sunday, officials appeared to be ramping up appeals to voters to go to the polls despite the scattered unrest.

Mosque loudspeakers in the city of Fallujah in Anbar province blared urgent calls for voters to go out and cast ballots. The government also lifted a ban on small vehicles, to make it easier for voters to get to voting booths.

Across Baghdad, mortar attacks, bombings and the collapse of two buildings from explosions marred the early hours of voting. But by late morning, the violence subsided in most places, and many Iraqis shrugged off the attacks and cast their ballots.

"The Iraqi people have seen much worse than this," said Ibtihal Khaled, a 51-year-old housewife waiting to vote in Baghdad's predominantly Shiite neighborhood of Utaifiya. "A few bombs won't keep them away from the polls."

Some 10,000 polling stations opened, the government said.

U.S. President Barack Obama praised the Iraqi people for braving the violence to cast their ballots, describing the event as an advance for Iraq's democracy.

"I have great respect for the millions of Iraqis who refused to be deterred by acts of violence, and who exercised their right to vote today," Mr. Obama said in a statement Sunday. "Their participation demonstrates that the Iraqi people have chosen to shape their future through the political process."

The president also commended the Iraqi government and security forces for providing security at nearly 50,000 voting booths at the thousands of stations across the country. "We mourn the tragic loss of life today, and honor the courage and resilience of the Iraqi people, who once again defied threats to advance their democracy," he said.

The election results will offer a barometer for two key questions on Iraq's future: Will voters continue to move away from sectarian politics, a trend started in provincial polls last year? And with U.S. forces drawing down sharply this year, can Washington maintain its influence in the face of Iranian backing for many of the politicians who will help shape the new government?

—Kathy Chen in Washington contributed to this article.

Iraq political candidates challenge oil deals

By Hassan Hafidh and Russell Gold

Iraq's parliamentary elections could result in new legal challenges to government oil deals with foreign oil investors, hindering long-stalled efforts to develop the country's prized fields.

In recent months, Iraq's oil ministry has auctioned and approved large-scale development contracts with companies from China, the U.K., U.S. and elsewhere. Prime Minister Nouri al-Maliki's oil minister crafted those deals after a petroleum law stalled in parliament—saying the government didn't need parliamentary approval, and causing some lawmakers to cry foul.

If Mr. Maliki's slate of candidates performs well, the prime minister would be in a position to lead Iraq's next government and the deals would likely be preserved.

Other candidates, including Ayad Allawi, who has emerged as a top challenger to Mr. Maliki, have raised the contracts as an election issue and called for them to be scrapped or reviewed.

"We aim to review all signed contracts in accordance with valid laws," Mr. Allawi, the leader of a popular, cross-sectarian bloc, said in a statement Friday.

The deals are still relatively new, with very little field work completed so far. Any effort to reopen the oil contracts by a new government would likely slow or halt investment, say company officials and analysts.

Work "is not going to move forward with any urgency whatsoever if the government wants to renegotiate," says Jason Gammel, an energy analyst with Macquarie Research.

Mr. Maliki's government hailed the deals as crucial to boosting oil exports, which generate most of the country's revenue. Big oil companies viewed the deals as footholds into some of the world's largest fields, long closed to foreign investment and under-explored.

Iraq sits atop an estimated 115 billion barrels of oil, the world's third largest proven reserves of conventional crude. But the country has struggled to lift its output amid years of sanctions and war under Saddam Hussein. Looting, underinvestment and political gridlock have slowed development after the U.S.-led invasion in 2003.

Momentum appeared to pick up last year, when the government hammered out the long-term service contracts, in which companies are paid per-barrel fees. Mr. Allawi's alliance "encourages investment in Iraq," the candidate's spokesman said.

Agence France-Presse/Getty Images

Workers from Iraq's Southern Oil Company at Zubair field in January.

The main Shiite slate of candidates, the Iraqi National Alliance, appears split on the issue. The Sadrists, led by one-time firebrand cleric Muqtada al-Sadr, oppose the contracts, and say Iraq can develop oil fields without relying on foreign firms. The head of the Islamic Supreme Council of Iraq, part of the same slate, supports them.

Mr. Maliki's government maintains that no matter who wins, the contracts have already been legally approved and can't be reviewed or revoked.

"The notion that these contracts need to be reviewed by the new government is irresponsible and meaningless," said government spokesman Ali al-Dabbagh.

If oil firms live up to their production promises, the deals will boost Iraq into the very top ranks of oil-producing countries..

But many obstacles remain. It is unclear if Iraq's recently improved security will hold, allowing oil firms to work unimpeded. And fields may prove more technically challenging than expected.

For example, boosting production will require injecting a lot of water into fields to restore pressure and help get more oil out. Getting that water will require huge new investments.

But the biggest uncertainty remains political.

A spokesman for British giant **BP** PLC said the company will continue its work in Iraq no matter the election outcome.

"We will work under a new government, and will fulfill the contract," he said.

BP, together with **China National Petroleum** Corp., was the first firm to win development rights to an Iraqi field—the 17-billion-barrel Rumaila field—as part of Iraq's oil auctions last year.

Despite the risks, company officials say they believed a long-term presence in Iraq is critical, and they are unlikely to pull up stakes if a new government sought to renegotiate the contracts. Spokesmen and women for **Exxon Mobil** Corp. and **Royal Dutch Shell** PLC, two other Western super-majors with contracts in Iraq, declined to comment.

WORLD NEWS

Pakistan awaits finance minister

IMF tells prime minister it would like to see an appointment made soon after resignation

By Zahid Hussain

ISLAMABAD—Pakistan President Asif Ali Zardari is under pressure to name a credible finance minister after the previous officeholder—a vocal critic of government corruption—resigned almost two weeks ago, citing personal reasons.

Failure to quickly replace Shaukat Tarin, a well-respected former Citibank executive, comes as Pakistan's financial policies are under close scrutiny from the International Monetary Fund and foreign government donors that have pledged billions of dollars to stabilize the South Asian nation's economy.

The IMF has earmarked $11.3 billion in emergency loans for Pakistan since November 2008, when Islamabad faced a balance of payments crisis. To get regular disbursements of this money Pakistan has to meet goals such as reducing its budget deficit, reining in inflation, increasing tax collections and improving electricity supply.

Although the IMF has praised Pakistan this year for stabilizing its exchange rate and increasing foreign reserves, it is concerned with the vacillation over a replacement for Mr. Tarin, a senior Pakistani government official said.

A senior IMF delegation raised the issue in a meeting with Prime Minister Yousaf Raza Gilani last week. "The IMF officials told the prime minister that they hope a credible person would be appointed soon," said the official, who was present at the meeting. A representative for the IMF wasn't available to comment.

The government denies there is pressure on the government on who to appoint. "There is no controversy over the appointment of a new finance minister at all," said Farhatullah Babar, the chief presidential spokesman. He said the delay in the naming of the new minister was because Mr. Zardari had been out of the country. Mr. Zardari returned Friday from a five-day trip.

Pakistan's economy, which is forecast to grow as much as 3% this year, remains heavily dependent on donor aid to plug a budget deficit estimated at 5.1% of gross domestic product in 2010. Pakistan and U.S. military operations against al-Qaeda linked Islamic groups in the northwest of the country and delays in the disbursement of foreign donor loans have hurt investor confidence and complicated attempts to narrow the deficit and hold back inflation, the IMF said last month.

The resignation of Mr. Tarin, who quit after less than a year on the job and was the second finance minister to stand down in the past two years, has caused further unease. "Frequent changes are not good for long term economic prospects," said Abid Hason, a former World Bank official.

Possible replacements for Mr. Tarin include Nasim Baig Mirza, a commercial banker with no government experience. President Zardari favors Mr. Mirza's candidacy, the senior government official said. Mr. Gilani, the prime minister, prefers a political appointee from the ruling Pakistan People's Party, according to a person familiar with his thinking.

During his tenure, Mr. Tarin was openly critical of constant reshuffling in the bureaucracy and corruption in government institutions.

"There is a need to improve governance without which we cannot stabilize the economy," Mr. Tarin said in an interview Thursday. One key reform is to increase revenue, including from taxes, without which "we cannot hope to achieve sustainable economic recovery," he added.

Mr. Tarin said he suggested the government consider as potential finance ministers Ishrat Hussain, a former central bank governor, and Hafeez Pasha, head of the government economic advisory committee.

He declined to expand on his reasons for stepping down. Mr. Tarin resigned after public differences between him and Mr. Zardari over ways to solve electricity shortages. Mr. Zardari has approved a plan to quickly build power plants to fill the gap, but Mr. Tarin publicly criticized the project as costly and economically unviable.

An Asian Development Bank report late last year endorsed Mr. Tarin's views, saying the plants wouldn't be cost-efficient and advised that even if the country wanted to proceed with the plan it should slash project sizes by half.

Mr. Tarin was a critic of government corruption, especially in unprofitable state-owned enterprises.

The government arrested the former chairman and a number of senior officials of the Pakistan Steel Mills Corp., one of the nation's largest state-owned companies, after the Supreme Court ordered an inquiry into corruption charges which caused millions of dollars of losses. The executives, who are facing trial, deny the charges.

Reuters

Shaukat Tarin, Pakistan's former finance minister.

For more information, please
contact your local IFA investment advisor
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WORLD NEWS

Iceland voters reject debt repayment

Huge 'no' vote on handing U.K. and the Netherlands $5.3 billion will complicate bid to access international help

By Charles Forelle

Agence France-Presse/Getty Images

People protest outside the Icelandic Parliament in Reykjavik on Saturday demanding the government do more to improve conditions, amid a vote that resoundingly rejected a debt-repayment proposal.

Icelanders Saturday roundly rejected a deal to repay the U.K. and the Netherlands €3.9 billion ($5.3 billion) lost in the collapse of an Icelandic Internet bank, complicating the island's bid to access badly needed international-aid funding and to render normal its relations with the rest of the world.

More than 93% of Icelanders voted "no" in a national referendum, according to preliminary figures published Sunday morning by state broadcaster RUV.

It was Iceland's first plebiscite since the island's independence from Denmark in 1944.

Final numbers were expected later Sunday but were seen as unlikely to be very different. Officials are awaiting ballots from remote regions of the island, RUV said.

The huge margin of defeat—reelection polls had suggested a loud rejection by around three-quarters of voters, but not a thrashing of more than 90%—will make it harder for Iceland's politicians to cede ground in continuing negotiations with the British and the Dutch.

The government of Prime Minister Jóhanna Sigurdardóttir has labored for the better part of a year to get a bill through a hesitant Parliament, arguing that Iceland desperately needs money set aside under an International Monetary Fund-led bailout of the country. Much of those funds are effectively on hold until a payback deal is reached, as is Iceland's application to join the European Union.

Seeing early the signs of impending defeat, Ms. Sigurdardóttir and other political leaders—all the parties back some form of repayment—had pushed to reach a new accord with Britain and the Netherlands in recent weeks, hoping to make the referendum pointless. After those talks ended Friday with no resolution, Ms. Sigurdardóttir even encouraged citizens not to vote, hoping to blunt the referendum's effect with low turnout.

"This result is no surprise," Ms. Sigurdardóttir said Saturday, according to the Associated Press. "Now we need to get on with the task in front of us, namely to finish the negotiations with the Dutch and the British."

A deal agreed by Iceland's Parliament last December—under which Iceland would pay back the money over 15 years but wouldn't have to make payments for the first seven—was vetoed by the island's president, Ólafur Ragnar Grímsson, in a rare display of power from a normally ceremonial post. He cited mass public dissatisfaction for his veto, which led to the referendum.

Mr. Grímsson appears to have accurately taken the public pulse. Many Icelanders hold a deep and seething anger at the giant burden being placed on them to clean up a mess widely viewed as being the fault of greedy and high-flying bankers. They also are sore at the U.K. for using a law generally leveled against terrorists to freeze Icelandic assets in Britain as Iceland's banks spiraled toward collapse.

The crisis has profoundly reshaped Iceland, which in recent years had been a Nordic idyll of microscopic unemployment, swift economic growth and heady displays of wealth from a burgeoning financial industry. Reykjavík, once a quaint seaport, hummed with fancy cars, upscale shopping and a raucous party scene. Now, the Icelandic krona barely functions off the island, unemployment is 6.7% and gross domestic product fell 6.5% last year—the biggest drop ever recorded.

The bill from the failed bank, known as Icesave, is one of the most lasting hangovers of Iceland's spectacular banking meltdown in late 2008. All the island's major banks failed, including Landsbanki hf, which had taken deposits over the Internet in the U.K. and the Netherlands through Icesave.

Iceland's tiny deposit-insurance program couldn't pay the claims of British and Dutch savers, and the two governments stepped in to do so. But they quickly asked Iceland for their money back.

The sum to be repaid—€3.9 billion—is staggering for such a tiny nation, equivalent to nearly half Iceland's entire economic output last year.

Proportionally, it is as if the U.S., with its gross domestic product of $14 trillion, were voting to pay another country $6.5 trillion.

And that figure is before interest—a sticking point in talks between the three parties. The deal voted on Saturday called for a 5.55% interest rate during the course of the 15-year payback, which many in Iceland believe is too high.

"I voted no," Rognvaldur Hoskuldsson, a 36-year-old machine technologist, told the AP after casting his vote Saturday morning. "We have to send a message that these countries are not going to profit from this situation."

A spokesman for the U.K. Treasury said the U.K. "remains committed" to reaching a debt deal with Iceland despite the referendum this weekend.

—Laurence Norman contributed to this article.

Greek plans draw EU praise

By Patrick McGroarty in Berlin and Alkman Granitsas in Athens

Agence France-Presse/Getty Images

Riot police detain a demonstrator during a protest in Athens on Friday.

German Chancellor Angela Merkel signaled that Germany and its European Union partners will intervene to rescue Greece if its problems threaten to spiral out of control but emphasized she is "optimistic" Athens won't need help.

"If it would be necessary, we would keep the financial stability of the euro under control together," Ms. Merkel told a news conference after a short meeting with Greek Prime Minister George Papandreou in Berlin Friday. Greece had yet to request financial aid, she noted.

Mr. Papandreou's Berlin visit was part of a five-day tour of foreign capitals meant to shore up support for Greece on both sides of the Atlantic. The trip will also take the Greek leader to Paris and Washington in coming days.

The Greek parliament approved a €4.8 billion ($6.52 billion) austerity package on Friday. Lawmakers debated the measures for six hours as thousands of union members protested the spending cuts and tax increases on the streets outside. In Athens' evening gridlock, many locals listened to Ms. Merkel's comments on their car radios.

The package was passed by simple voice vote in the 300-member chamber. The Socialist government, elected in October, controls a 160-seat majority in parliament. Earlier Friday, the Communist Party of Greece withdrew from the debate in protest against the measures.

Ms. Merkel's comments about Greece are the latest sign that her government is pursuing a wait-and-see strategy with the crisis. That course enjoys wide support in Germany, a nation of savers who strongly oppose using taxpayer money to rescue a country that has lived beyond its means for years.

Yet Ms. Merkel's approach isn't without risk. Greece's crisis has rattled global markets in recent weeks, and though investors reacted positively to a package of austerity measures that legislators in Athens passed this week they say it remains far from certain that Athens can solve its problems alone.

If Germany and other key eurozone countries wait until Greece is on the brink before mounting a rescue, the crisis could spread to other vulnerable countries like Portugal and Spain before they can stop it.

Greece found takers for a €5 billion bond offering last week but had to pay a steep 6.25% interest rate—about double the benchmark German-bond yield. The country, already buckling under a debt load that exceeds its annual gross domestic product, needs to raise more than €20 billion in coming weeks to meet its obligations.

Ms. Merkel lashed out at the same markets that have been Greece's source of fresh funds for worsening the country's situation. She blamed "speculators," an oblique reference to hedge funds, for using derivatives and other exotic instruments to take advantage of the crisis.

Jobs outlook brightens

U.S. data suggest January's drop in jobless rate wasn't a fluke

By Conor Dougherty

The U.S. job market is beginning to thaw.

The Labor Department's closely watched employment report, released Friday, suggests the nation's unemployment rate, which peaked at 10.1% in October, has hit a plateau as employers gain confidence in the economic recovery.

Employers still shed 36,000 jobs last month. But many economists say the U.S. would have added jobs if not for the snowstorms that kept people from working and potential employers from hiring. The unemployment rate was flat at 9.7% last month, while a steady rise in temporary workers and job gains across a spectrum of private-sector industries showed companies are growing more willing to hire.

Upbeat signs in the labor market cheered Wall Street and sent oil prices higher. The new report suggests January's drop in the unemployment rate wasn't a fluke. Indeed, the new report also showed that the number of workers facing long-term unemployment fell.

"There's a good chance we're at the turning point for unemployment," said Bruce Meyer, an economics professor at the University of Chicago.

Mr. Meyer said Friday's report was doubly encouraging because it showed that a steady drop in the unemployment rate since October was real. "It appears that last month's decline was not a statistical anomaly," he said.

There remain deep problems in the labor market, with 14.9 million people still looking for full-time work, 8.8 million forced into part-time jobs and 1.2 million too discouraged to look for a job. But the report offers a glimmer of hope to demoralized workers who have suffered through the Great Recession.

The House of Representatives passed a $15 billion bill Thursday with tax cuts and credits to prod employers into hiring.

TD Bank, a unit of Toronto's TD Bank Financial Group, is among those hiring. The bank aims to take on about 4,600 U.S. workers this year, a combination of new hires and replacements for employees who have left, said Chief Executive Bharat Masrani. "Yes, the economy is tough, and some of our clients are suffering, and when our clients suffer, we suffer," said Mr. Masrani. "But we are growing." TD Bank, which employs 23,000 in the U.S., plans to add around 32 U.S. retail locations in 2010.

Ninety-two percent of U.S. companies plan to hire in 2010, but half plan to do so more slowly than in pre-recession years, according to a January study by human resources consultancy Towers Watson.

Last month's snowstorms likely kept the economy from adding jobs. Some of the most severe storms struck parts of the Northeast and Midwest during the pay period when the Labor Department collects its data. Weather was almost certainly behind a fall in the average workweek to 33.8 hours from 33.9 in January. About 1.1 million people were unable to work last month due to weather, compared with 300,000 in January.

Despite the weather, several industries showed job gains. Manufacturing added 1,000 jobs, following a 20,000 increase in January. The professional and business-services sector, a broad category that includes legal work and consulting, added 51,000 jobs. Another encouraging sign: The temporary-help services sector added 47,500 jobs and has added 284,000 since September 2009, a sign employers need workers and may eventually add permanent positions.

Meanwhile, some of the heaviest job losses were in construction, which continues to suffer from depressed homebuilding and a slowdown in commercial real estate, such as office and industrial buildings. The construction industry shed 64,000 jobs in February. Without the losses in construction jobs, the private sector actually added jobs in February.

Another encouraging sign was that the number of people unemployed for 27 weeks or more—the long-term unemployed—fell to 6.1 million from 6.3 million in January.

—Dana Mattioli and Luca Di Leo contributed to this article.

Getty Images

Job seekers in Lake Orion, Mich., line up to attend a jobs fair.

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MANAGEMENT

At 3M, innovation comes with tweaks

CEO George Buckley urges staffers to find improvements 'at the bottom of the pyramid'; a cheaper respirator mask

By Dana Mattioli And Kris Maher

In corporate research and development labs, staffers dream of creating sexy products. But at **3M** Co., Chief Executive George Buckley is rallying his team to make cheaper respirator masks. It's part of a strategy for innovating in a weak economy at the maker of Scotch Tape, Post-it Notes and sandpaper. In addition, the CEO is under pressure to cut costs.

So rather than push a few grandiose inventions, Mr. Buckley is asking staffers to improve products with tweaks and snips. Find innovations "at the bottom of the pyramid," he says. Many people "ask, 'What can I add?' Sometimes you have to ask, 'What can I take away?' "

The son of a Sheffield, England, steelworker, Mr. Buckley worked in a factory as a teenager before getting a Ph.D. in engineering. In 2005, he was the CEO of boat-maker **Brunswick** Corp. when 3M picked him to replace star CEO James McNerney, who had left for **Boeing** Co. Mr. Buckley trimmed R&D spending 8% last year to $1.29 billion but kept it steady as a percentage of revenue at 5.6%. In an interview, he described how he motivates employees to innovate. Excerpts:

Tom Roster for The Wall Street Journal

CEO George Buckley urged the R&D staff to come up with innovations that would reduce products' costs.

WSJ: You trimmed R&D spending but didn't slash it. Why?

Mr. Buckley: If you don't invest in the future, there isn't going to be one. A lot of the stuff we spend on may not deliver a product for two or three years. There may be no return. But the alternative—not doing—is worse.

WSJ: Where else did you scale back in order to shelter R&D?

Mr. Buckley: Salespeople, and in some cases advertising and merchandising.

WSJ: You pushed R&D staff to come up with innovations that reduce products' costs. Can you give an example?

Mr. Buckley: Our ultra-low-cost respirator mask. That product will come to market in a month or so. It was basically started, developed and released during recessionary times.

I didn't drive the invention of this, but I said the invention of this is necessary. You have to drive out costs to defend yourself against competition.

The people in our occupational health business weren't particularly enamored [of the idea]. They said, "We have a lot of things on our plate, George."

I wanted the manufacturing process that made these respirators [to have] a quadrupling in speed and efficiency. I basically drove them crazy in my relentless pursuit.

WSJ: What was new about the mask?

Mr. Buckley: It was finding ways to simplify how you make the lowest-cost high-performance respirator possible.

We often think innovation is making a breakthrough at the top of the pyramid. That's often not where the hardest challenges are. The hardest challenges are often: How do I make a breakthrough for next to nothing?

WSJ: How do you get your R&D team excited about this?

Mr. Buckley: When we first talked about going after this stuff at the bottom of the pyramid, a lot of them felt what was interesting was what was at the top.

These people are turned on by things that are intellectually challenging. [We had to] convince them the intellectual challenge is making a real innovation that costs next to nothing.

Initially it was hard for them to buy into. But once they bought into it they said, "You know what? We like it. You get volume, we get expansion. What's not to like?"

WSJ: How do you motivate employees to work on projects that aren't seen as sexy?

Mr. Buckley: I remember my meeting with Chris Holmes [who heads 3M's abrasives business]. I had been in the company maybe a month.

During a business review I said, "Tell me what is going on in abrasives. What innovations are we doing?"

Chris said we were doing this and that, but abrasives [were] not considered sexy. I said, "Why not? I think abrasives are sexy. Why can't abrasives be sexy?"

I think it's those simple comments to people who have been convinced over a period of years that they are unimportant. Chris was utterly inspired by that.

WSJ: How else do you get your people to be creative?

Mr. Buckley: Everybody wants to find out how to can creativity. You can't.

Creativity comes from freedom, not control. We let all the people in the R&D community spend 15% of their time researching whatever they like.

WSJ: How often do you go to the labs?

Mr. Buckley: It's dangerous when I go over. I'm told, "Every time George goes over to the labs he gets a new idea for a new product." I probably go once every two weeks.

WSJ: How do you know to tell people to invent something now rather than five years from now?

Mr. Buckley: How does that occur to me? I don't want you to make comparisons here, but [this is] like asking Beethoven how he composed his music.

I don't know because it isn't a process. [The quality-improvement process] Six Sigma's worked wonderfully in our factories, but we tried it in our labs and it doesn't work. It's obvious why.

The creative process, whether it is with me or anybody else, is a discontinuous process. You can't say if I put more money in it I am going to get more out.

WSJ: What's your economic outlook?

Mr. Buckley: Some parts of the economy are still very depressed and will be depressed for quite a while to come.

I am avoiding defining "quite a while." This year certainly in the U.S. is going to be slow growth.

The Power List

The top business leaders in Asia making headlines last week in select global and regional media. Powered by Dow Jones Factiva and edited for relevance and clarity.

AKIO TOYODA

President
Toyota Motor

The embattled auto maker's chief apologized to consumers in the key China market and appeared before its Japan employees for the first time since the recalls in an effort to boost morale.

ROBERT BENMOSCHE

Chief Executive
American International Group

Mr. Benmosche reached a deal to sell the insurer's American International Assurance business for $35.5 billion to Prudential PLC, canceling what had been expected to be Hong Kong's biggest IPO this year.

OSAMU MASUKO

President
Mitsubishi Motors

Analysts said Mr. Masuko may need to find another partner after talks for an equity investment from PSA Peugeot-Citroën fell apart.

MICHAEL GEOGHEGAN

Chief Executive
HSBC Holdings

The bank is paying Mr. Geoghegan an extra $449,000 in living expenses for moving to Hong Kong, a move a spokesman said isn't intended for his personal gain.

WANG JIANZHOU

Chairman
China Mobile

Mr. Wang expects to reach a deal to acquire a stake in Shanghai Pudong Development Bank in a move that could push China Mobile deeper into e-commerce.

Photos: Reuters (Toyoda and Benmosche); Bloomberg News (Masuko and Wang); European Pressphoto Agency (Geoghegan)

Compiled by Carlos Tejada/The Wall Street Journal

Earmarks Forever

Just as the cherry blossoms arrive each spring around the capital's Tidal Basin, cases of Congressional ethics appear to be blooming everywhere in Washington. Harlem Congressman Charlie Rangel's Ways and Means Chairmanship floated away last week. New York Congressman Eric Mass dropped his House seat via retirement ahead of sexual harassment allegations. But the most striking—and relevant—of all ethics cases is passing without notice.

It involves earmarks, which everyone knows Congress has promised to clean up. Read the tale below, and discover how Congress assumes that the once-spectacular issue of earmark abuse can be as easily forgotten as two-week old cherry blossoms.

Last spring the House agreed to investigate seven members of the subcommittee on defense spending, including its chairman the late John Murtha. The matter went over to the Office of Congressional Ethics (OCE), an independent body of ethics scrubbers—including former Members Abner Mikva, Bill Frenzel and Porter Goss—that Speaker Nancy Pelosi very publicly created two years ago.

At issue was the charge that defense-industry clients of the lobbying shop of Paul Magliocchetti and Associates (PMA) were funneling campaign contributions to Congressmen in exchange for government contracts. PMA's business collapsed in November 2008 after the FBI raided its Virginia offices under suspicion of illegal campaign contributions. Its founder was a former aide for the defense subcommittee and his mentor was John Murtha. According to the Seattle Times, in "the 2008 defense bill alone, lawmakers gave PMA clients 172 earmarks."

The report issued by the OCE is a story for our times.

> The ethics committee gives a green light to Congress's spending favor industry.

For starters, it recommended dismissal of the cases of Murtha, James Moran (D., Va.), Norman Dicks (D., Wash.), Marcy Kaptur (D., Ohio), and C.W. Young (R., Fla.). This came after the OCE reviewed available documents and interviewed the Members. All claimed the earmarks were awarded solely on merit and not as a quid pro quo.

But Rep. Peter Visclosky (D., Ind.) and Rep. Todd Tiahrt (R., Kan.) refused to be interviewed by the OCE, leaving the committee dependent on the existing paper trail.

In the case of Mr. Visclosky, the OCE reported he "solicited PMA clients for campaign contributions and provided them with special access to him and his staff one week before authoring their earmarks." The OCE further notes in its report to Congress that the documents it reviewed "show that PMA clients perceived a connection between appropriations requests and campaign contributions" to Mr. Visclosky.

Exhibit A is this email exchange between corporate employees: "Can you give me some justification for giving $20K to Visclosky?" Answer: "That's what each of the companies working with PMA and Visclosky have been asked to contribute. He has been a good supporter of SNC. We have gotten over 10M in adds from him."

Another company, according to the OCE report, "created a table of 'proposed CY2008' campaign contributions, which indicates the proposed contribution that the [political action committee] will make followed by the 'possible program,' which is an earmark that Representative Visclosky requested for the fiscal year 2009."

The OCE does not have subpoena power. But it found "probable cause" that there was a quid pro quo and noted that his actions "were similar to those that the Ethics Committee admonished in the past." It voted 6-0 for further investigation of Mr. Visclosky.

In the case of Mr. Tiahrt, the OCE report found that his constituents seemed to perceive a connection between giving money and getting earmarks. In one internal communication, an employee explained to a colleague that the "justification" for a contribution was "identical to the previous PAC contribution we made last December: it is a request for follow-on funding to the $1M plus-up he provided to our project for FY-08." The OCE voted 4-0, with 2 abstentions, that Congress should review these allegations.

Messrs. Visclosky and Tiahrt claim no wrong-doing. Mr. Tiahrt said in a written statement that the committee had "obvious irritation" with him because he refused to be interviewed. Mr. Visclosky wrote that he refused to be interviewed because the OCE could not assure him that "privileged information" would "remain confidential within the Legislative Branch."

Thus we arrive at the decision by the *real* Ethics Committee—the House Committee on Standards of Official Conduct. The Committee said late last month it could find no evidence "that members or their official staff considered campaign contributions as a factor when requesting earmarks." Instead the villains are the lobbyists, who, the report says "employed 'strong-armed' tactics" to try to link contributions to earmarks. The report also said there was a "wide-spread perception among corporations and lobbyists" that contributions were linked to access and earmarks.

What this judgment means is that the earmark favor factory has now been given an ethics green light. The culture of earmarks, of which there were nearly 10,000 in the FY2010 spending bills, will not be uprooted by this Congress. Unlike the cherry blossoms, this doesn't make a pretty picture.

Snow Jobs

So this month, the excuse was that the American jobs machine got bogged down in the snows of February.

Nonfarm payrolls fell by 36,000, but economists say the good news is that when the snow melts, the pace of hiring will resume smartly.

To be sure, there are indicators amid the economic slush that the jobs picture could brighten in coming months, such as the upward revisions in recent months' employment figures. But we continue to worry that what one might call the Obama Uncertainty Principle sits heavily on employment prospects.

In a letter to his shareholders, Edward S. "Eddie" Lampert, chairman of Sears Holdings, summed up how Washington's political obstacles may impede a robust recovery:

"Sears Holdings shares the stated goal of many public officials of creating jobs. But, we don't believe that we need large government programs to generate these jobs. Public officials often fail to recognize the obstacles they place in the way of job creation. For example, over the past year proposal after proposal has been put forward to reform health care, reform the financial system, increase taxes, and add regulations, all with the intention of making the United States a better and stronger country.

"Yet, as a business, trying to understand which of these proposals might become law, what their impact might be on business prospects and competition, and what additional costs they might impose creates a great deal of uncertainty. It has led our management team and board (and I am sure those managements and boards of other companies) to spend inordinate time trying to determine which investments we should make, defer, or cancel and which jobs to create, maintain, or eliminate. The removal of this uncertainty and the constant drumbeat of new threats against various businesses would go a long way to allowing American entrepreneurial energy to be unleashed."

The Lost Wages of Youth

Debates about minimum wage legislation periodically flare up in Asia, so it's worth looking at the example of other countries that have passed such laws. The U.S. is a good case study: Consider the May 2007 law raising the minimum wage in three stages to $7.25 an hour from $5.15. Rarely has a law hurt more vulnerable people more quickly.

> Raising the minimum wage has put teens out of work.

A higher minimum wage has the biggest impact on those with the least experience or the fewest skills. In the U.S., that means in particular those looking for entry-level jobs, especially teenagers. And sure enough, the higher minimum has wreaked havoc with teenage job seekers, well beyond what you would expect even in a recession.

The first wage increase, to $5.85 from $5.15, came after a decade of no increases and when the overall jobless rate was below 5% and the teen rate was 14.9%. The demand for labor was sufficiently strong in many areas that most employers were probably willing to absorb the higher wage.

But as the minimum wage increased even as the overall job market began to worsen, the damage to teen job seekers became more severe. By the time the third increase to $7.25 from $6.55 took effect in July 2009, the teen jobless rate was 24.3%, and by October it peaked at 27.6% before dropping to 26.4% in January.

The third increase was especially ill-timed because it hit while the recession was ending but before employers have felt confident to rehire. To raise the cost of unskilled labor precisely when the jobless rate is heading toward 10% is an act of almost willful economic stupidity. In many cases the wage has since become zero.

The evidence in America is clear that increasing the minimum wage is an expensive and misguided way to try to move working families out of poverty. Most readers remember the work habits they learned from their first job. Showing up on time, being courteous to customers, learning how to use technology—such habits are often more valuable than the actual paycheck. Studies have confirmed that when teens work during summer months or after school they have higher lifetime earnings than those who don't work. So raising the minimum wage may inadvertently reduce lifetime earnings.

Although Democrats' fondness for the minimum wage makes it unlikely, Washington could at least establish a teenage, or sub-minimum, wage closer to $5 an hour. More than half of all minimum wage workers get a pay raise within one year on the job, so wages will rise naturally with experience and talent. More young people will be hired, and more will learn what it takes to get ahead in America.

Meanwhile many of America's lessons are highly relevant for policy makers in Asia. Pricing low-skilled labor out of the job market is no way to boost employment or income. As a developed economy, America at least is lucky those hit hardest by minimum wage increases are teenagers, not primary breadwinners. This is an especially dangerous policy in places where that's not the case.

OPINION

A Climate-Change Chameleon

[Journal Interview] with Jairam Ramesh

By Mary Kissel

New Delhi

"The climate world is divided into three: the climate atheists, the climate agnostics, and the climate evangelicals. I'm a climate agnostic."

A direct—some would say brash—man with a penetrating stare, it's hard to believe India's Environment and Forests Minister, Jairam Ramesh, is agnostic about anything. This is the man who dressed down Secretary of State Hillary Clinton last year when she pushed for India to adopt binding emissions targets. He was the first politician of a major nation to question the United Nations' claim that the Himalayan glaciers were melting at a rapid pace. And he's spearheaded his country's very own climate-change research institute—a direct challenge to the U.N.'s now-discredited Intergovernmental Panel on Climate Change.

It's hard to tell whether New Delhi really understands the economic cost of fighting 'global warming.'

That record makes Mr. Ramesh one of the few policy makers in the world in a position to push a new, more economically rational approach to climate change—and debate the politics of it, too. It helps that he isn't media-shy. And like many Indian men, Mr. Ramesh has a penchant for the dramatic: "You have unlimited time!" he tells me, hands outstretched, as we settle down to a chat in his darkened office, with a single spotlight shining on the minister himself.

India is a "high-growth, low-emission" economy, Mr. Ramesh explains. "We contribute only about 5% of the world's greenhouse gas emissions, and even if we grow at 8% per year, by 2020, we would still be contributing only about 8% of world greenhouse gas emissions." He jabs at the air above his head to make his point, lowering it with each phrase: "So here is China at 23%, here is America at about 22%, and you have Russia at about 9% and India at 5%. So clearly about 45% of the emissions are coming from two countries. . . who don't want to do anything about it."

International negotiations on climate change are "a complete quagmire," Mr. Ramesh says. "We have a Kyoto Protocol in which the U.S. has not ratified. The Europeans are not going to be taking on commitments unless the Americans take it [on]. The Americans are saying we won't take something on until the Chinese take something on. So we are frankly, headed nowhere." If the major negotiating nations take the "same approach" during the U.N. confab in Mexico later this year, "we will meet the same fate as Copenhagen, although the cuisine in Mexico will be far superior to that in Copenhagen."

For New Delhi, that outcome would be a significant victory. A nation of 1.2 billion people, India has long understood that climate-change "intervention" pushed by the U.N., green activists and Al Gore (an "evangelical," snorts Mr. Ramesh)—namely, binding emissions targets—was code for giving up cheap energy sources in exchange for economically unproven technologies. The result would be higher energy costs for India's vast legions of poor, many of whom don't even yet have access to electricity or gas—effectively consigning hundreds of millions of people to continue living in slums.

Given that, Mr. Ramesh is still oddly eager to burnish his climate-change credentials to me, saying with fervor, at the start, that he thinks global warming is a "real" phenomenon. His conflicting instincts have lead to heated debate within India. Mr. Ramesh wrote to Prime Minister Manmohan Singh last October and suggested that India reconsider its stance on emissions targets. The letter was conveniently leaked to the press, uproar in parliament and in the business community ensued. Mr. Ramesh backed down. So thanks to India's democratic pressures—no politician here would be caught dead shortchanging the poor, who vote—he's singing a different tune.

Climate change is "one of the main issues" India faces, Mr. Ramesh says. But is it more important than all the other environmental problems India faces? I ask, thinking of stinking gutters I vaulted over, in high heels, to reach his office. "To say that it is *the* defining issue, no, there are bread-and-butter environmental issues. There are pollution control issues which are affecting the public health. You know, in many parts of India people are dying of cancer because of excess of pesticides in water, or arsenic in water. That's more important and more urgent than climate change."

Other poor countries agree. China, South Africa, Brazil and India "bonded very well together at Copenhagen," Mr. Ramesh reports, neglecting to mention the group's approach—to use the meeting to pressure developed-world nations to squeeze billions of dollars out of developing-world nations' taxpayers. The minister, a self-confessed "China realist," is no political naïf: "We are united in our desire not to have a binding agreement thrust upon us which will constrict our developmental options." He's been to China three times in the last four months, with reciprocal visits from his Chinese counterpart. "Had India and China not been together, I think the complexion of Copenhagen would've been different."

Mr. Ramesh sees "glaring deficiencies in the architecture of climate-change agreements," starting with the "lack of any graduation." As countries move up the "per-capita income ladder," he explains, they should "take on progressively higher levels of legally binding commitments." This makes sense: India is a populous country, but poor. Randomly chosen emission targets become "a game of competitive one-upmanship." "10%, we will cut?," he asks, getting worked up, his voice rising. "15%? It's not a lottery, you know."

The question is, what comes next? The author of the Copenhagen Consensus (not to be confused with December's Copenhagen summit), Danish economist Bjorn Lomborg, has talked about a "third way" forward: acknowledging that climate change is real, but pursuing a cost-benefit approach that would commit countries to projects that yield the greatest benefits for the greatest number of people. "I've read Lomborg," Mr. Ramesh says with a smile. "I don't think you should dismiss Lomborg the way climate evangelicals have dismissed him. He makes reasonable points. The spirit of science is the spirit of enquiry, of questioning."

Zina Saunders

His solution? "We need an international agreement in which all countries participate," Mr. Ramesh says "Common, but differentiated responsibility remains the anchor of that agreement. But every country must commit itself to certain actions."

What kind of actions, though? At home in India, Mr. Ramesh emphasizes one measure he's proud of that hasn't hurt the poor: "We are one of the few countries in the world that is adding to our forest cover," he says, with energy. "Our forest cover in India is equal to the size of Texas. . . And every year, about 10% of our annual greenhouse gas emissions [are] being sequestered by our forests." He hands me a shiny brochure on the topic.

But when I ask him about how his ministry will prioritize his investments—India has a huge fiscal deficit, and can't afford to spray money around willy-nilly—he shifts in his chair. "I think the key is going to be the energy sector. . . What choices we make on fuel mix, on efficiency targets, on transportation, fuel efficiency standards, public-private mix. Railroad mix, very important. Industry." Then he reverts to the worst reflex of Indian policy makers: the government solution. "The Planning Commission has announced an expert group that will prepare the roadmap for a low-carbon road strategy for India," he says confidently.

Of course the most important question is what Mr. Ramesh and his bosses in government are willing to sacrifice to achieve these nebulous goals. Does he think that it's possible to curtail greenhouse-gas emissions without sacrificing economic growth? "It's possible for us to grow at 8%," he says, getting a little testy. "The choice is between 8% and 10%. The choice is not between 8% and 5%, ok?" But even choosing 8% before 10% means hundreds of millions of people won't be lifted out of poverty, right? "Yeah, if it's going to be 10% growth and an unacceptable cost to the environment, and an 8% growth and it's sustainable, I would say an 8% sustainable rate of growth is better for me," Mr. Ramesh says.

We circle back to the original point: Maybe climate change just isn't the international disaster that evangelicals like Mr. Gore said it was. Mr. Ramesh leans back in his chair and a twinkle enters his eye: "When AIDs hit the international agenda, it just meant that malaria, tuberculosis, diarrhea, dysentery all got [pushed] into the background. Climate change has become the AIDs of the environment!" It's a bit dramatic, but not too far off the mark. The question is, does Mr. Ramesh believe it himself?

Ms. Kissel is the editor of The Wall Street Journal Asia editorial page.

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Five Best Books On Ideas

By Rebecca Goldstein

1. Herzog
By Saul Bellow
(Viking, 1964)

The hilarious tack that Saul Bellow takes in "Herzog" is to address immortal thinkers in grave earnestness, demanding of them relevance to his own very mortal predicament, to wit: his discovery that he is being cuckolded by his best friend. Herzog has been betrayed not only by his beautiful young neurotic of a wife but also by the entire Western canon, not to speak of God. The blend of high-mindedness and low farce yields a rare form of tragic comedy, "King Lear" as filtered through Milton Berle.

2. Middlemarch
By George Eliot
(1873)

The main plotline follows the passionate knowledge-seeker Dorothea Brooke, who blunders her way toward moral clarity, on the way making an unfortunate marriage to a dry pedant, Edward Casaubon. A great ethicist as well as a supreme novelist, Eliot unobtrusively operates the intricate machinery of reflections about self-interest and morality, determinism and freedom, that move her interlacing stories along.

3. The Holy Sinner
By Thomas Mann
(Knopf, 1951)

Set in medieval Europe, "The Holy Sinner" mines the legend of a pope who was the offspring of incestuous brother-and-sister twins. The narrator is a sweet-tempered monk, "Clementis the Irishman," who struggles to achieve, against his own forgiving inclinations, a proper censoriousness toward the siblings' sin. It does not belabor its claim to being a novel of ideas but buries its seriousness beneath storytelling.

4. The Black Prince
By Iris Murdoch
(Viking, 1973)

Plato, a reality chauvinist, mistrusted enchantment, whether artistic, religious or erotic. In Iris Murdoch's manically energetic "The Black Prince," set in modern Britain, she gives Plato's suspicions regarding art and eros their due, while also overturning them. An aging, prissy Inspector of Taxes, who has yet to write the sublime work he is certain he harbors, has retired to devote himself to his calling. Instead he falls madly in love with an inappropriate girl and is either a self-deluded dirty old man or a guide for our redemption.

5. Einstein's Dreams
By Alan Lightman
(Pantheon, 1993)

It is 1905, and a patent clerk named Albert Einstein dreams night after night of possible worlds, the nature of time differing in each. In one, the farther you get from the Earth's surface, the slower time becomes. In another, people can travel to the center of time and have it stand still. The play of ideas is heady as Alan Lightman wrests irony, pathos and poetry out of the abstractions of physics, but the meaning is viewed from the human perspective.

Ms. Goldstein is the author of "36 Arguments for the Existence of God: A Work of Fiction," recently published by Pantheon.

OPINION

Now India and Pakistan Can Get Down to Business

By Najam Sethi

On initial appearances, the first high-level bilateral talks between India and Pakistan since November 2008 weren't a success. When the two foreign secretaries convened in New Delhi on Feb. 25, at times it was as if they were at different meetings. The Indians tried to focus on terrorism sponsored from within Pakistan, while the Pakistanis wanted a broader dialogue. In the end, there was no noteworthy result. But appearances in this case are deceiving. This meeting is likely to prove more successful than many expect.

That's because interests on both sides are at last correctly aligned to give talks a shot at success. For India, it has been a matter of reaching several conclusions at the same time. First, New Delhi has failed to browbeat Islamabad into steps like cracking down on Lashkar-e-Taiba, the terrorist group responsible for the Nov. 2008 Mumbai attacks. Indian saber rattling alone hasn't done the trick, just as in 2002 when India's armed forces tried but failed to intimidate Pakistan into halting the flow of jihadis into the Indian-controlled part of Kashmir.

High-level talks in February, billed by some as a failure, actually set the stage for progress.

At the same time, the United States has been pressing New Delhi to reduce tensions along the Pakistani border. Washington hopes relative stability along Pakistan's eastern border will allow Islamabad to focus more energies on securing its western border with Afghanistan. Given these circumstances, negotiating with Pakistan over outstanding disputes—and the trust-building and enhanced security that might ensue—looks like a smarter approach than what India has been doing up to now.

Meanwhile, a dialogue with Pakistan is now politically possible in India. Indian Prime Minister Manmohan Singh sincerely wants to make a "breakthrough" in bilateral relations and he's increasingly confident saying so. During the elections last year, Mr. Singh trumpeted his efforts to promote back-channel diplomacy for conflict resolution during the tenure of former Pakistani President Pervez Musharraf. Controversially, he also met Pakistan's current prime minister, Yousaf Raza Gillani, at Sharm al Shaikh in Egypt on July 16 last year to formally pledge a wide-ranging dialogue.

In Pakistan, too, there seems to be a significant shift in foreign policy, as formulated by the powerful military establishment. For the first time since 9/11, the American and Pakistani militaries and intelligence agencies seem to be working closely together to stem the tide of al Qaeda-sponsored terrorism in Pakistan and Afghanistan. Far from casting doubt on the Pakistani military's motives and abilities, the Americans are tripping over themselves praising the Pakistan army. The Pakistanis have subdued the al Qaeda Taliban network over most of the Federally Administered Tribal Areas, though at the great cost of more than 2,500 soldiers, including one officer for every seven soldiers killed. As a result of this and other successes, the U.S. has offered Pakistan a greater future say in Afghan affairs.

All of this has brought home to Pakistan's leaders the benefits of being a team player in the region—benefits such as support from the U.S. and greater stability in the western regions. A working relationship with India will be more important as Afghan reconstruction continues, given that India has made over a billion dollars in investments in Afghanistan and thus is an important stakeholder. With militants set to be a problem in the west for the foreseeable future, Islamabad also has an interest in stabilizing its relationship with its eastern neighbor.

Associated Press

Indian Foreign Secretary Nirupama Rao (l.) with her Pakistani counterpart Salman Bashir, Feb. 25.

Despite the forces pushing and pulling both sides to the table, talks won't always go smoothly—last month's attempt shows some of what can go wrong. India doesn't want to seem like it has succumbed to "terrorist blackmail" without extracting some concrete results from Pakistan, and Pakistan doesn't want to seem like it is begging India from a position of weakness to change the status quo. So neither side can afford to reach an agreement on anything "too quickly." In addition, neither wants to admit any American pressure to change its policies. This may partly explain why the recent initiative failed to produce any results: On the eve of the talks, Secretary of State Hilary Clinton admitted a role in nudging both sides to the table.

But in other ways there are signs that both sides have learned from the mistakes of the past. Earlier attempts faltered because neither side had laid the political groundwork back home for any eventual deal. The Sharm al Shaikh meeting last year, for instance, was not preceded in India by any media briefings that might have set the stage for a change in course. Indeed, at that time Mr. Singh's eagerness for talks was like a red flag waved in front of anti-Pakistan bulls like his own national security adviser, M.K. Narayanan, and prime ministerial adviser Shyam Saran. This time, Mr. Singh has brought in a new security adviser, Shiv Shankar Menon, with extensive experience in Pakistan affairs. Mr. Singh's re-election campaign itself has also shown that the politics of this issue are changing in India.

In Pakistan, too, the signs are good. For the first time in history, the government and opposition are on the same page regarding the necessity of burying the war hatchet with India. The ruling Peoples Party led by President Asif Zardari, widower of the assassinated leader Benazir Bhutto, has always espoused the case of peace with India, even at the cost of sometimes irritating the military. And now the opposition led by Nawaz Sharif, a former prime minister, is on board as well. Mr. Sharif is the architect of the Lahore summit in 1999 with former Indian prime minister Atal Vajpayee, when both sides agreed to hold wide-ranging talks unconditionally. In the old days, Pakistan used to put pre-conditions on the talks—such as requiring a solution to the Kashmir dispute before anything else—but now insists that all issues should be on the table at one time.

Against this backdrop, the ball is rolling again. The Indian Foreign Secretary Nirupama Rao is expected to visit Islamabad later this month, followed by the Indian home minister in April. Then the two prime ministers will meet in Bhutan at the end of April at the South Asian Association for Regional Cooperation summit. These occasions will doubtless provide adequate opportunity to pave the way for a formal resumption of talks on most issues.

There are obvious exchanges to be made between India and Pakistan. India must stop aiding Baluch insurgents based in Afghanistan and Pakistan must cease supporting jihadis against India. Pakistan must relax the trade regime for India's exports. India must resume support for the Iran-Pakistan-India gas pipeline. Both must demilitarize border areas and allow greater flow of people between the two countries. And both must find a way forward of Kashmir.

These issues and many more will take time and trust to resolve. So it should not be surprising if the most recent India-Pakistan meeting wasn't an enormous success. The more important fact is that the two sides are now closer to being able to hash out their differences than in recent memory.

Mr. Sethi is editor in chief of The Friday Times, a national weekly, and Dunya TV, a national news channel in Pakistan.

Why the Pentagon Needs Friends in Beijing

By Joseph W. Ralston

China recently announced it was cancelling a planned visit to the United States by Gen. Chen Bingde, the chief of the general staff of China's army. At the same time, a visit to China by the commander of U.S. Pacific Command, Adm. Robert Willard, was scrapped.

These are only the latest casualties in the broad suspension of all military-to-military exchanges with the U.S. by China—a step Beijing is taking in retaliation for Washington's decision to sell $6.4 billion in military equipment to Taiwan.

Some may ask: What's the big deal? Suspending military contact seems like a low-stakes way to express displeasure, especially compared to the alternatives.

In fact the costs can be enormous. Military-to-military contacts help us build relationships of trust in peacetime that we rely on when tensions rise. Such relationships can potentially mean the difference between war and peace when a crisis arrives.

Unfortunately, Washington is in no position to lecture Beijing on its current policy. We have been just as quick to use our military-to-military ties as a weapon to punish other nations. But every time we do so, it hurts us more than it hurts the intended recipient.

Consider Pakistan. In 1985, Congress passed the Pressler Amendment, which required that all military-to-military ties with Pakistan be terminated if the president could not certify that Pakistan did not have a nuclear program. In 1990, President George H.W. Bush could no longer make that certification. So he was forced to cut off military ties with Islamabad: no more high-level meetings of senior officers; no more joint exercises; no more Pakistani junior officers training at American military schools and academies.

This did nothing to stop Pakistan from eventually declaring itself a nuclear power. And it cost us dearly after the attacks of Sept. 11, 2001, when the U.S. needed rapid and unprecedented cooperation with Pakistan's military in the fight against al Qaeda but had lost a generation of contacts with Pakistani officers.

Washington's decision to cut ties with Pakistan's army cost the U.S. dearly after 9/11.

Such contacts are invaluable to the security of our country. When we hold exercises with foreign militaries, we build the confidence that can only be gained through joint operations in the field. When the U.S. brings junior officers from foreign militaries to study here, they build friendships with American officers that can last a lifetime.

I experienced this time and time again during my military career. When I was serving as the vice chairman of the Joint Chiefs of Staff, the U.S. received a diplomatic note from a foreign government declaring it had intelligence that a squadron of jet fighters from another country was preparing to attack it.

It just so happened that two of the highest ranking military leaders in both countries had been classmates of mine at the Command and General Staff College at Fort Leavenworth. I called the first classmate and told him about the note we had received. He assured me that all his fighters were accounted for and no such attack was planned. Then I called the second classmate, waking him up at 4:30 a.m. to pass on those assurances. He accepted them, based on my word.

A potential crisis was averted thanks to personal relationships that had been forged 20 years earlier through the U.S. military exchange program.

Today, there is an officer somewhere in China who was planning to come to the U.S., quite possibly to study at Fort Leavenworth. There is a young American officer who would have sat next to him in class and gotten to know him in informal settings.

It's likely that they would have stayed in contact as both rose through the ranks of their respective militaries. And in a moment of tension between our countries somewhere down the line, one might have picked up the phone and called the other to find out what the other country intended.

Now that phone call may never be made. That could prove to be a tragedy one day—for China, for the U.S., and for the world.

Gen. Ralston is vice chairman of The Cohen Group, an international consulting firm. He served as Supreme Allied Commander, Europe (2000-2003); Commander, U.S. European Command (2000-2003); and vice chairman, Joint Chiefs of Staff (1996-2000).

IN DEPTH

NATO denounces an ally in Afghanistan, raising tension

Allegations against Marjah administrator could sour ties between coalition, government at pivotal time in campaign

Coalition officials have been told that Abdul Zahir served four years in a German prison for assault. Mr. Zahir says he neither committed nor was charged with such an offense.

Michael M. Phillips/The Wall Street Journal

THE U.S.-LED effort to flush the Taliban from a stronghold in southern Afghanistan—the first test of the new surge strategy to turn the tide of the war—has been dealt a setback by a dispute over the personal history of the man chosen by the Afghan government to run the town.

*By **Michael M. Phillips** in Marjah, Afghanistan, **Matthew Rosenberg** in Kabul and **Peter Spiegel** in Washington*

The top allied commander in southern Afghanistan says coalition officials in the past two weeks have been told that the new administrator of Marjah, Abdul Zahir, served four years in a German prison for assault. Behind closed doors, Western officials have been pressing Afghan officials to have Mr. Zahir removed from his post, which he assumed last month after thousands of U.S. Marines and Afghan soldiers fought their way into the Taliban-held town, say other coalition officials.

Mr. Zahir, in an interview, says he neither committed nor was charged with such an offense. He says the allegations are the product of malicious rumor-mongering by personal and political enemies. "I don't think it is the Americans or the British who are spreading these rumors," Mr. Zahir said Friday. "I think it is the people who forced me to flee Afghanistan to Germany. Now they can't tolerate seeing me as governor of Marjah."

Maj. Gen. Nick Carter, the top allied commander in southern Afghanistan, said in an interview: "It's no secret that [Mr. Zahir] was found guilty of a charge in Germany which I'm not sure what it would be under German law, but I think you and I would describe it as assault."

Gen. Carter, who is British, said Mr. Zahir was convicted of beating his stepson and served four years in prison before returning to Afghanistan in 2002.

The Wall Street Journal was unable to verify the allegations against Mr. Zahir independently. Neither coalition nor U.S. officials provided any documentary proof of the claim, which surfaced in an intelligence report. Records in Germany couldn't be accurately searched without a birth date, which Mr. Zahir and western officials declined to provide.

A spokesman for the German interior ministry and a spokesman for a German intelligence service declined to comment on the report.

If NATO turns out to be wrong, not only would that unfairly stain Mr. Zahir's reputation but it could also sour relations between coalition officials and the Afghan government at a critical time in the campaign. As part of the new offensive, NATO officials have worked hard to overcome years of mistrust built up between the government of Afghan President Hamid Karzai and his Western interlocutors—gains that could be frittered away by such a spat.

Were Mr. Zahir to be ousted because of the dispute, Afghan authorities and their Western backers would have to find someone who could build fresh relationships with the local elders at a crucial time in the effort to rebuild Marjah. Coalition officials realize that isn't a small task in a society in which broken promises can cause permanent damage to reputation.

The controversy over Mr. Zahir's past also points up a risk of the broader new strategy for winning back Afghanistan with 30,000 fresh troops in the country.

Unlike in past offensives, allied commanders have given Afghan officials and soldiers a major role in the Marjah campaign, have let them make key appointments, and have been emphasizing the role of the civilian government in restoring services and ensuring that the Taliban don't return. The result: NATO officials frequently know little about the background of their new partners.

"I don't think we necessarily have a detailed understanding of many of the people we work with in governance terms," Gen. Carter said. "And there was no reason for anyone to suppose that Haji Zahir was any worse" than some other Afghan political figures, he said, using the honorific title for someone who has made the pilgrimage to Mecca.

Gen. Carter acknowledged Mr. Zahir's alleged behavior might be acceptable in Afghan culture, even if it's considered criminal in the West. "Haji Zahir's mistake was to behave like an Afghan in Germany," Gen. Carter said.

Mr. Zahir said, "We were a family and sometimes families have problems and sometimes husbands and wives have problems and sometimes fathers and sons have problems. But I have never assaulted any person." He added, "I have never served any time in a prison in Germany. I've never been sentenced to prison."

Just days ago, U.S. officials and its international allies were promoting Mr, Zahir as central to winning public support in Marjah, a collection of mud compounds and small farms crisscrossed by canals that home to about 75,000 people, and a key testing ground and model for even larger offensives planned later this year.

"He's the legitimacy," Lt. Col. Cal Worth, commander of 1st Battalion, 6th Marine Regiment, and Mr. Zahir's principal military counterpart, said before the controversy emerged. "He's extremely critical. He's the credibility of the government."

(Top to bottom) Michael M. Phillips/The Wall Street Journal; Associated Press

Abdul Zahir, at right, listens to a concern at the end of a council of elders. The U.S. has given the Afghans a greater role in the effort. An Afghan soldier, left, salutes an Afghan flag hoisted on a building in a market in Marjah.

Allied commanders spent long months planning the Marjah operation, from the late-night helicopter landings to the bold mine-clearing effort. With some 15,000 U.S., Afghan, British and other troops involved, it was the biggest offensive since the coalition toppled the Taliban regime in 2001 and a prelude to a much larger operation planned for later this year in the Taliban heartland of Kandahar.

But coalition officials now say they failed to sufficiently vet Mr. Zahir. He was picked for the job by Helmand Provincial Gov. Ghulab Mangal, a western favorite and a close associate of President Hamid Karzai.

Gov. Mangal has so far rebuffed western pressure to fire Mr. Zahir. The governor has given him several more weeks to prove himself on the job, Gen. Carter said.

"Now this is essentially an Afghan problem and ultimately what Gov. Mangal has to judge, not only in terms of his level but also in terms of what the Afghan government has to say about it, is whether he feels that Haji Zahir is an appropriate chap to be the deputy district governor for Marjah," Gen. Carter said.

The governor's office said coalition officials have never detailed their concerns about Mr. Zahir. "Nobody has said anything about this guy's criminal background to the governor," said Daoud Ahmadi, a spokesman for Gov. Mangal. "They haven't contacted the governor regarding this issue at all."

A NATO spokesman in Kabul said Gov. Mangal knows of the controversy. "We're aware of this issue, we know that Gov. Mangal is aware of the issue, he's clearly assessing the state of play on projects, on programs, on personnel in the district," the spokesman said. "He's going to be making a lot management decisions now and in the near future and we've got every confidence that he's going to do the best for the people of Marjah."

Mr. Zahir's alleged misdeeds are fueling the latest installment of a long-running debate among Western officials in Afghanistan over who has emerged too tainted from 30 years of war for them to work with. The standards have for the most part been lax, at least to outsiders: Many prominent Afghan officials are allegedly involved in the opium trade and are considered corrupt; a few are alleged to be outright murderers.

What makes Mr. Zahir different, say coalition officials privately, is that their intelligence indicates he was convicted of a crime committed in a peaceful Western country. Other senior Afghan officials—some accused of far worse crimes—have never been convicted and committed their alleged acts within the context of a brutal conflict.

Allied military and civilian officials say the Marjah ground offensive will be of little use if the Afghan government doesn't step into the void and prove itself legitimate in the eyes of locals. The Taliban seized control of Marjah two years ago, at a time when the locals were angry about the corrupt and brutal ways of the national police stationed in their town.

Until the latest controversy, Mr. Zahir had won praise for the job he was performing. After the fighting ebbed, the Afghan government (with U.S. Marines riding shotgun) installed Mr. Zahir in a tent in Marjah inside a Marine outpost.

He quickly began making inroads with local tribal elders in an effort to gain their support. He showed himself to be an adept politician in a part of Afghanistan where politics are very personal.

"We have to show that we're not the same old corrupt government," Mr. Zahir said in a recent interview. "Once we prove that we're good people, it will be easy to convince the public to join us."

Mr. Zahir estimates his age at 60; it is common for Afghans not to track birthdays. He was born and raised in Musa Qala, in northern Helmand Province. He had no formal education beyond high school and says he lived off of income from family farmland and his raisin-and-almond shop. After the Soviet invasion in 1979, he fought briefly as part of the Mujahedeen resistance, he says.

In 1989, as the Soviets were leaving, he had a falling-out with two Mujahedeen commanders and left the country in fear. He says he wanted to go to the U.S., but could only find someone able to sneak him, his two wives and seven children into Germany. After arriving in Frankfurt, he applied for—and, he says, received—political asylum. Later, the family expanded with three more children. He also has several stepchildren.

Over the years Mr. Zahir picked up some German and worked at a dry cleaner and a Holiday Inn not far from Frankfurt, busing dishes and delivering room-service meals, he says.

Mr. Zahir returned to Afghanistan in 2002. His fellow tribesmen in Musa Qala elected him deputy leader of the local shura, or council of elders, in 2006. They later sent him as a representative to the bigger provincial shura. Both are unpaid positions, he says.

For his work in Marjah, he receives the equivalent of $70 a month. His children in Germany send additional support, he says.

When Mr. Zahir meets with local elders, the Marines lay out a spread of bagel chips, granola bars, sunflower seeds and other treats from their own food supplies. "You usually put that in milk," Mr. Zahir advised locals confused by small boxes of Froot Loops, Apple Jacks and Cheerios. "Without milk, it doesn't taste good."

One Friday last month, the Marines turned a captured Taliban suspect over to Mr. Zahir during a meeting of tribal elders. The man, wearing handcuffs and a tattered jacket, claimed to be an innocent tenant farmer whose house the insurgents had commandeered to build roadside bombs.

"The Taliban escaped, and the Marines arrested me," the man said.

Mr. Zahir told the assembly that if five elders from the man's neighborhood vouched for his honesty, he could go free.

Then Mr. Zahir had to negotiate a truce with the Afghan police commander, who—angry that one of his own had died in a roadside bomb blast that day—wanted to keep the man in custody.

At other times, Mr. Zahir sits cross-legged for hours with the thick-bearded elders to hear a litany of complaints: The irrigation canal is blocked. The Marines killed 12 sheep and a cow during fighting.

"If you get any trouble from the government, day or night, you come to me," he told one gathering of Marjah grandees.

—David Crawford in Berlin contributed to this article.

ECO:nomics

CREATING ENVIRONMENTAL CAPITAL

One thing is certain in the race for a cleaner energy system: Nothing is going to be certain for quite a long time.

In Washington last week, the Obama administration abandoned the long-running plan to bury nuclear waste below Nevada's Yucca Mountain, another potential barrier to new nuclear power plants in the U.S. Big questions loom about the viability of electric cars and of futuristic power plants that would shoot their greenhouse-gas emissions underground instead of skyward. And concerns about unintended environmental consequences are thwarting plans for wind and solar farms from Wyoming to the Mojave Desert.

Don't expect clarity from the U.S. government, the financial world or even the scientific lab, said the chief executives and entrepreneurs who gathered last week at ECO:nomics, The Wall Street Journal's third annual conference on the business of the environment. But, they advised each other, don't delay in trying to dominate the new energy market, because the spoils will go to those who exploit the uncertainty the best.

When the Journal held the first ECO:nomics conference, in March 2008, things seemed clearer. Oil prices were high, investors were showering money on renewable-energy developers, and federal lawmakers were pushing to limit emissions of carbon dioxide and other greenhouse gases. The Intergovernmental Panel on Climate Change had won the Nobel Peace Prize for a report concluding that global warming was "unequivocal" and was "very likely" caused by human activity, so the debate over climate science appeared largely done.

All that has changed. Oil prices, though rising again, are just above half their mid-2008 highs. Tough economic times are pinching clean-energy investment and prompting new opposition to a mandatory carbon cap. And the IPCC has said it will appoint an independent committee to investigate questions raised recently about its widely watched climate-science reports

"It's frustrating, but scientists are human beings," Energy Secretary Steven Chu said at the conference. Society has produced "a greenhouse-gas layer that is absolutely, positively due to humans," he said, but the precise impacts remain unclear. "The uncertainties are quite large."

The uncertainties about what technologies might slash greenhouse-gas emissions remain just as big.

Consider just the race for an alternative to the petroleum-powered car. Peter Voser, CEO of Royal Dutch Shell, predicted that by 2050 electric cars might account for 40% of autos world-wide. T. Boone Pickens, oilman-turned-energy reformer, said the U.S. government should subsidize big trucks that burn natural gas. And Craig Venter, a self-described "life designer," is trying to make fuel from newly created organisms that consume CO2.

Each of these options could become a disruptive technology—something that really rocks the world. It will take years to know. The action playing out amid this uncertainty is today's real energy shift.

—Jeffrey Ball

Tapping Into a New Generation

Robert Iger of Disney talks about how environmentally aware consumers offer plenty of challenges—and opportunities

If any company seems well-positioned to both influence and profit from a generation of environmentally aware youth, it's **Walt Disney** Co. And Robert Iger, president and chief executive of Disney, insists the company is doing just that.

Mr. Iger sat down with The Wall Street Journal's Alan Murray to talk about the new green strategies the company applies to everything from its theme parks to its movie studios, as well as changes Disney has seen in consumer attitudes. They began the conversation by talking about the company's conservation campaign—Friends for Change—which so far has reached more than a million children, he says.

What follows are edited excerpts of their discussion.

Genesis Photos for The Wall Street Journal

ALAN MURRAY: *I've got two teenage daughters, so I get it. They're putty in your hands. Anything Hannah Montana or the Jonas Brothers tells them to do, they'll do it.*
ROBERT IGER: God bless you.

MR. MURRAY: *But we're talking about serious economic issues here, environmental issues. What can 14-year-old girls really do to help? I mean, what's the point?*
MR. IGER: When you have the unique opportunity that our company has [to reach millions of children], and you can teach them the importance of behaving in a more responsible way from an environmental perspective—it adds up.

Friends for Change has attracted over 1.5 million members. The impact is enormous. It's 200,000 tons of savings from waste a month. It's huge savings in water usage, huge savings in emissions, huge savings in power usage. Take shorter showers. Turn off the lights in your room, and so on and so on. And it's not just domestic. It's global.

MR. MURRAY: *You can make 14-year-old girls take shorter showers?*
MR. IGER: A 14-minute instead of a 15-minute, but yes. But every minute counts.

Corporate Citizen

MR. MURRAY: *What's the business proposition here? Do you do this because you think it's the right thing to do? Do you do it because it helps you win over all those 14-year-old girls?*
MR. IGER: Disney's had a legacy for decades of being environmentally conscious and responsible. When I got this job almost five years ago, it was clear to me that our reputation was a business driver.

We were seeing growth and interest in corporate social responsibility from three constituencies: Customers were starting to be more aware of the quality of the product, not just what it was made of but how it was made; we were hearing it from shareholders; and we were hearing it from employees and potential employees.

So I created messaging around it, which is basically, we want to be the most admired company in the world, admired for the quality of our product, the integrity of our people, and the way in which we behave as citizens of the world. When you think about morality, it's the right thing to do. But it's also the right thing to do from a shareholder-value perspective.

Specific Practices

MR. MURRAY: *What about your practices?*
MR. IGER: We created an environmental council made up of representatives from all of our businesses and charged them with the task of doing two things: lessening the impact of the company on the world, and creating projects that teach and inspire.

We did a baseline inventory of our environmental impact over the 2006 to 2009 period—how much waste we were creating. We then created very specific targets, that are publicly reported at this point, on reduction, primarily. And we then created a way that we would monitor this.

Right now, we're delivering to each of our business units a quarterly report on what their impact on the environment is. So if you're running a movie studio, starting in 2010, every quarter you get a report on how much waste you're creating, energy you're using, water you're using, etc. That's a big step.

Every capital request now has basically an environmental-impact component. You want to build a building, a theme-park attraction, you want to buy a new fleet of buses or cars, there is, in that capital request, a page that forces you to detail or be aware of the impact on the environment that project is going to have.

We created a tax where we basically projected over the next five years what each business's impact would be, and we're charging them money for that impact.

We use that money to create a fund that's largely going to conservation projects, mostly forestry around the world. So we were actually buying our carbon offsets through that. But the business units are incentivized to reduce. And I think that's pretty unique.

MR. MURRAY: *Is it possible for business leaders to make things happen that need to happen?*
MR. IGER: Businesses can make a difference. We've got thousands of vehicles at our theme parks around the world. A hundred million visitors on an annual basis. What they consume, how we transport them, how cool the air conditioning is in their hotel room when their lights get turned off—there's a lot you can do. And we're finding more and more that our guests want to know about these things.

We used to be relatively tight-lipped about our practices. People just weren't interested. They wanted to come and have fun. Now they're actually interested in *how* they're having fun. They get on one of our classic steam trains that Walt put in Disneyland in the '50s, and we tell them that the trains now run on vegetable oil, and they love to hear that.

Will They Pay?

MR. MURRAY: *They feel good about it. But are they willing to pay more for products, experiences they view as environmentally friendly?*
MR. IGER: That's still an open question. But we're finding ways that we can reduce the cost of being more environmentally friendly.

MR. MURRAY: *The year 2009 was a tough one for you, like it was for a lot of people. Does that affect the way you deal with any of these issues? Does it affect the way consumers view any of these issues?*
MR. IGER: It may have affected the way consumers were willing to pay more. It didn't affect us one bit. We created this environmental council and the steps that I described were put in place in 2007.

Then, 2009 was a watershed year. It was the first year we went public with the details about all of this. And to my knowledge, we haven't slowed down one bit. ▦

Politics and Policy

U.S. Energy Secretary Steven Chu on the Obama administration's game plan

It's fair to say these have been some frustrating months for Steven Chu, secretary of the U.S. Department of Energy. Among other things: The global climate summit in Copenhagen failed to produce much of an agreement. The prospects of passing a comprehensive energy bill are murkier than ever. There have been a string of revelations about questionable practices and outright mistakes by scientists who contributed to a big 2007 U.N. climate-science report. And the Obama administration has been criticized for the way it has doled out economic-stimulus funds.

Mr. Chu talked with Robert Thomson, managing editor of The Wall Street Journal. What follows are edited excerpts of that conversation.

ROBERT THOMSON: *You're in the news today in part because of the administration's announcement that it would drop plans for a federal nuclear-waste vault beneath Yucca Mountain in Nevada. As someone who has been an advocate, and many would say a brave advocate, of the advancement of nuclear power, is it a little frustrating for you that this decision was clearly made more for political than scientific reasons?*

STEVEN CHU: Well, it's fair to say that the whole history of Yucca Mountain was more political than scientific. But also very truthfully I can say that given what we know today, the repository looks less and less good. So now we're in a situation where it can't go forward.

When Yucca Mountain was being established in the early '80s, the idea then was the nuclear industry was going to tail off. Now, because of climate change, we do want to restart the nuclear industry. Because of that, the statutory limit of Yucca Mountain would have been used up in the next couple of decades. So we need to take a fresh look at everything.

The Nuclear Equation

MR. THOMSON: *If you are a utility that had invested in the Yucca development on the understanding that it was going to be a government priority, how can you reassure them that nuclear itself will be something worth investing in, because it is a very expensive proposition?*

DR. CHU: It's expensive, but it could still be a very good investment. [In the 1980s, before nuclear construction came to a stop], it took longer and longer to build the plants. The time from your application to the time you actually turned the switch on was in excess of 15 years. If the nuclear industry is going to be viable you just can't do that. At the beginning, it was taking six years, seven years to build a plant. So we want to get back to this time scale.

The Nuclear Regulatory Commission is changing. They will try to generically approve a reactor like the AP1000 from Westinghouse, and say, OK, all AP1000s are now approved. If you start approving a few generic reactors and then make a very short approval period for reviewing the specific site modifications, that's a very, very different process.

In addition, the reactors themselves are designed with less elaborate, more passively safe mechanisms, so the designs are becoming more economical.

We think with these new designs plus the faster process for getting them approved, investing in the industry can be back on track.

MR. THOMSON: *Is it right to have a comprehensive energy bill when what's needed in the short and long term is a price on carbon?*

DR. CHU: I think the price on carbon is the most important part of any comprehensive energy bill. But it's not only the price because to be realistic, the price to build a new coal plant with carbon capture and sequestration is actually quite high.

What we are doing here in the Department of Energy is a very active research program to demonstrate much more cost-effective technologies to bring that cost down. You also have to give time for certain regions of the country that have been used to inexpensive energy to make adjustments. You have to give them a little stimulus to make them go in that direction, we have to do the research and development to help those industries. It's not just, give them the price signal and then they will make that adjustment. That would be a little bit too painful.

The Allure of Carrots

MR. THOMSON: *Is it possible to strip out a carbon bit so that you at least have a paradigm within which companies can begin to plan and leave the very complicated political stuff until later?*

DR. CHU: Well, it turns out in Washington it's easier to get all those carrots, to get funds for research in carbon capture and sequestration, funds to help people make the transition to more fuel-efficient homes and factories. It's much harder to get a universe-wide cap on carbon that ratchets down.

MR. THOMSON: *When would you forecast that bill will be passed?*

DR. CHU: I'm really optimistic. I want it to pass this year. Whether it will be over the entire energy usage or whether it will be divvied up into sectors I don't know. China is moving. They're diversifying their supply. They want to be a leader in this new technology. They think it's going to be good for exports. So it's ours to lose, but we could blow it.

MR. THOMSON: *You mentioned the bumps and warts. That little bit of sloppiness at the IPCC [the United Nations' Intergovernmental Panel on Climate Change], was that frustrating because it did turn the debate a little bit?*

DR. CHU: Well, it's frustrating, but scientists are human beings, and it doesn't negate the huge amount of data that was going on, and over a two- to three-decade period where it's very, very visible and it gets scrutinized up, down, sideways.

The wonderful thing about science is scientists themselves love to scrutinize each other, because the scientist who actually figures out that the mainstream is wrong becomes incredibly famous. That's how science progresses.

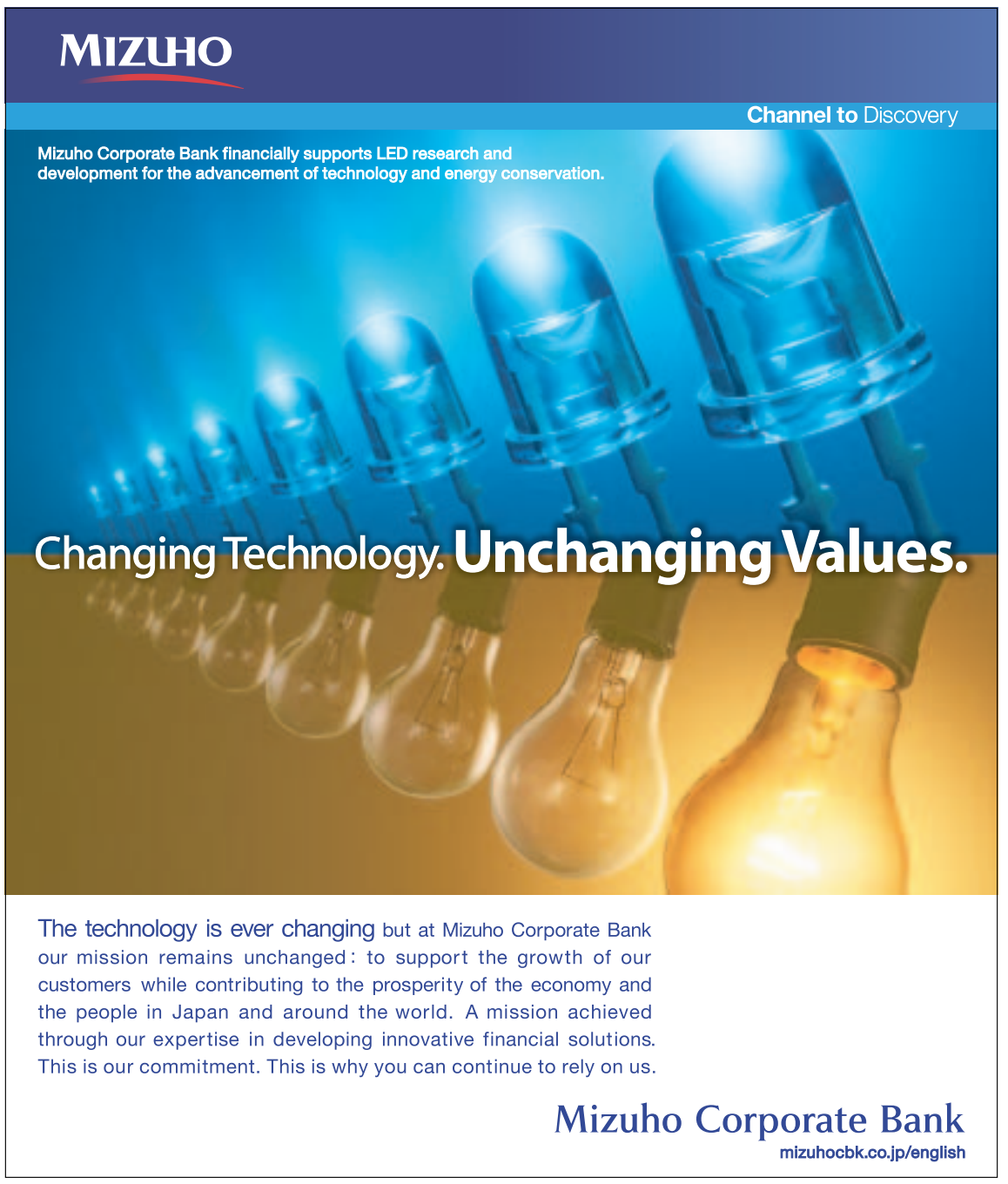
MR. THOMSON: *You mentioned the stimulus funds. There are two complaints. One is that there is just way too much bureaucracy in the approval process. And secondly, that there's been a lack of ambition in investing or supporting next-generation research.*

DR. CHU: First, there is always government bureaucracy. We are trying our best to cut that down to the bone, but there are statutes. For example, the loans. Why does it take so long to get a loan out? Well, we are required by statute to do certain things. We have to protect the taxpayer interests. We have to make sure when we give a loan that there's a reasonable probability of getting it back. And then there's, effectively, the credit subsidy loan insurance, and then how you score the loan insurance. So we have to do due diligence, and then we have to go and convince the [Office of Management and Budget] that our analysis is correct, and then they have to buy onto it. So that takes a while.

In an ideal world when the capital markets are there, you'd like the commercial people to take this over. But right now, capital is very tight.

Look how long it took to make the transition from wood to coal, coal to oil and gas: 50-60 years. We cannot make this transition in another 50 or 60 years. It will be too late for the climate.

Genesis Photos for The Wall Street Journal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Mizuho Corporate Bank financially supports LED research and development for the advancement of technology and energy conservation.
Changing Technology. Unchanging Values.
The technology is ever changing but at Mizuho Corporate Bank our mission remains unchanged: to support the growth of our customers while contributing to the prosperity of the economy and the people in Japan and around the world. A mission achieved through our expertise in developing innovative financial solutions. This is our commitment. This is why you can continue to rely on us.
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The View From Big Oil

Peter Voser of Royal Dutch Shell talks about the kind of energy legislation he'd like to see

Genesis Photos for The Wall Street Journal

These days, giant oil companies find themselves trying to balance two big pressures on their business. Governments are trying to slash carbon emissions—but the world's thirst for oil is growing by leaps and bounds.

Peter Voser, chief executive officer of **Royal Dutch Shell** PLC, is navigating the situation by joining a business-backed effort to push for global-warming laws, and making sure Shell has a strong exposure to natural gas and alternative fuels.

Mr. Voser sat down with The Wall Street Journal's Alan Murray and Kimberley Strassel to talk about the future of climate-change legislation, the company's push beyond oil, the prospects for electric vehicles and more.

Here are edited excerpts of their discussion.

Change From Within

ALAN MURRAY: *I'd like to start by asking you about U.S. CAP [the U.S. Climate Action Partnership], the business effort to push for global-warming legislation. You are the last oil company there. Many of the other majors never joined to begin with. BP joined and then pulled out because it didn't like the direction that it was going in. Why is Shell alone among the oil companies in continuing to push for this?*
PETER VOSER: We have a belief that we need a market-based energy legislation in this country. And by the way, in all the other countries as well. We feel that we can do more by being inside U.S. CAP together with the other stakeholders represented there in order to actually achieve the right outcome.

KIMBERLEY STRASSEL: *What kind of bill could you want or expect that would actually be good for your industry?*
MR. VOSER: What we want is energy legislation that drives supply security in this country, which drives the country to lower fuel emissions, which generates new jobs but also preserves old jobs.

To then go further down, we are a keen proponent of market-based energy legislation. We will quite clearly look out for natural-gas developments, which we see as a long-term source of energy that has a lot of positives.

And in general, I think our industry is facing an interesting challenge that the demand in the world will double, but we have to provide that energy at a much lower cost to the environment.

This will drive technology developments, innovation developments, etc., and that's normally where our industry has always been in a leading position. And that's what we want to see in the legislation so that we have certainty on the carbon price, certainty on, let's say, legislation that will stay for a while so that we can operate.

MS. STRASSEL: *What odds do you give passage of a cap-and-trade bill this year?*
MR. VOSER: I'm still hopeful that we get something passed. I know the timing will be longer than what we expected maybe 12 months ago, but we will do our part in order to make sure that we get something that the industry and the country can take forward. But I think we are in for a longer period before we get something.

New in the Pipeline

MR. MURRAY: *We talk about Shell as an oil company, but you're very close to becoming a predominantly natural-gas company, aren't you?*
MR. VOSER: That's absolutely correct. Shell started quite a while back, actually, to put a lot of emphasis on gas, and by 2012 we will have more gas production world-wide than we have oil.

So this has been a journey of 20, 30 years that we have used our technology and innovation in order to drive the gas development on a world-wide basis because, let's face it, it has 50%, 70% less CO2 than coal, for example, and that's exactly where we see the long-term benefit.

MR. MURRAY: *And in your view, is that the big answer to our environmental problems for the next 50-plus years?*
MR. VOSER: I don't think there is one answer. On a global perspective, the energy demand will double—this is pretty much proved now—by 2050. So we will need most of the energy forms that we know today.

MR. MURRAY: *What percentage of your capital spending goes to renewable energy sources, roughly?*
MR. VOSER: It is not the capital intensity that drives renewable energies and alternative energies. It's what you spend in technologies and in innovation. Roughly 25% of our budget at this stage goes into what we call alternative energies from an R&D point of view.

MR. MURRAY: *And of the 25% of your R&D budget that you spend on renewables, what in that portfolio do you personally think is the most promising?*
MR. VOSER: We are focusing a lot on biofuels at this stage. We just announced a few weeks ago a big joint venture in Brazil where we are bringing our first- and second-generation biofuels technologies together with Cosan, a sugar ethanol producer there, in order to speed up the second-generation capabilities because we need to speed up that process. So biofuels is one.

We are in wind. We have gone out of solar. We tried both silicon and thin-film solar, but we can't see that as being something that we can scale up globally and get the economies of scale. So we leave that. It's a technology that will be developed, no doubt, but we leave that to a smaller, medium-sized players.

Driving Ahead

MR. MURRAY: *For your oil business, transportation is obviously a key to the future. How long do you think it will take for electric cars to become a significant part of the vehicle fleet?*
MR. VOSER: We think between now and 2050 we will go from one billion cars to two billion cars world-wide. So it's quite a growth there. We think by 2050 that roughly 40% of those two billion cars will be electric cars.

But there is a but to this. Which means in the meantime we will need all [types of environmentally friendly cars]. So we will need low-carbon-fuels cars, more-efficient engines. We will need the hybrids. There will be more electrical cars coming in. There will be fuel cells, there will be hydrogen. So I think there will be room and space to develop all of them.

MR. MURRAY: *In 2050, when 40% are electric, what percentage of the remaining 60% will be powered by natural gas instead of gasoline or biofuels?*
MR. VOSER: I don't have that number with me.

MR. MURRAY: *Do you think that's a significant piece of it?*
MR. VOSER: We see it in many countries at this stage; it is coming. Some have established it even decades ago. So I think it will get to a higher proportion, but I think in comparison it will be not that big.

Looking to the Market

MS. STRASSEL: *You talked about how you wanted legislation here in the U.S. to help with the certainty. But as a global company you already operate in regions that do have climate restrictions. How has that affected your business?*
MR. VOSER: I would like to have a market-based system that actually works on the global environment. Because the world, the trade flow today, is a global trade flow, so you cannot cut between frontiers, boundaries, countries, etc.

So while I think it is OK to start [by] country or regionally, we need governments working together, and that's where I think Copenhagen would have been a good way to achieve a global agreement. We didn't get it. I'm not too disappointed because I think this is a journey. We will need more time.

The politicians or the governments also have to learn to bring some reality into the discussion from time to time.

So we get biofuels legislation, for example, and two years later they change because they realize technically it's not possible. I think that's where governments, companies, NGOs can work together to set the right frames.

MS. STRASSEL: *Some people say instead of all the negotiations and the offsets and the carbon trading, just put a carbon tax, in particular a gas tax, and see where that goes.*
MR. VOSER: I would say you need a market-based system where you can actually give the right incentives for those industries that are affected to make sure that they can lower the CO2 over time and they can lower the costs to achieve that over time. You need an incentive there, and I just struggle to see that a tax is an incentive. ▦

Voices From the Conference

"Just to put a giant charge today on carbon doesn't do us much good other than it is extracting a lot of money from people, particularly at a tough time for the economy. And there is always the question of what happens to that money, if it's just being traded around or if it's being recycled through the government."

—Lewis Hay III, Chairman and CEO, FPL Group

Genesis Photos for The Wall Street Journal

Every dollar invested in energy efficiency today could return two dollars in energy savings.

Energy efficiency doesn't just reduce carbon emissions, it also yields remarkable economic gains. A recent report by McKinsey & Company concludes that investments in U.S. energy efficiency of $520 billion in the next 10 years would generate energy savings of $1.2 trillion.*

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Chevron Human Energy®

*McKinsey & Company's report examined greater efficiency in the stationary uses of energy in the U.S. only. All data from this report are expressed in net-present-value terms.
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CHINA: NATIONAL PEOPLE'S CONGRESS

Budget eases off stimulus

Beijing plans to increase spending 11% this year, with slower gains in social programs

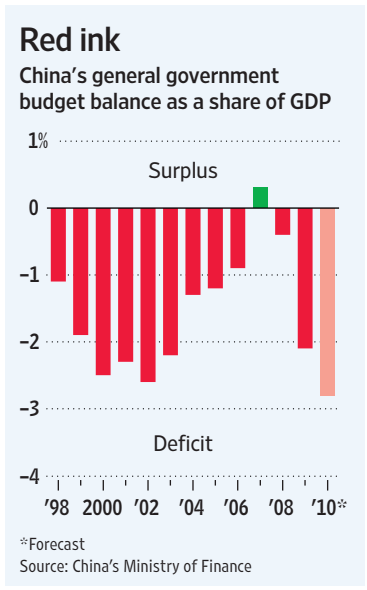
By Andrew Batson

BEIJING—China's government unveiled a conservative budget for 2010 that reinforces its gradual shift away from stimulus programs adopted during the global economic crisis, even as officials said they were still committed to supporting economic growth in uncertain times.

Total government spending is budgeted to grow just 11% this year, down from the 21% increase in 2009, with slower gains in infrastructure and social programs, China's finance ministry said in a presentation Friday to the annual meeting of the country's legislature. While it promised more money for many of the administration's priorities such as education and housing, new spending was constrained by dim prospects for tax revenue this year.

The reports to the National People's Congress reflect the recent disconnect between Chinese official rhetoric—which still emphasizes the need to propel the economy—and a series of actions in recent months to rein in growth to head off possible overheating.

"There is insufficient internal impetus driving economic growth," Premier Wen Jiabao told delegates to the legislature, as he warned of continued weakness in the global economy and persistent problems at home. Though he pledged that policies supporting economic growth will continue this year, he admitted that the scale is being ratcheted down as the government worries about excesses and future strains on its finances.



For instance, public-works investment more than doubled in 2009, but the central government is budgeting only a 7.3% increase this year.

"Government investment at all levels needs to be concentrated in the most important areas, and the launching of new projects must be strictly controlled," Mr. Wen told delegates. The government will, however, spend more money to improve living standards. "We will move faster to improve the social security system for both urban and rural residents," he said, and "continue to carry out low-income housing projects on a large scale."

Yet Mr. Wen also warned that one-off measures last year to boost the tax take won't be able to help this year, when total government revenues are expected to rise 8%. Total government spending on subsidized housing is budgeted to increase just 6.6% in 2010, according to the finance ministry. A comparable figure for 2009 wasn't available. Growth in social-security spending will slow to 10% in 2010 from 12% last year, and total education spending is planned to gain 14% in 2010, down from 16% in 2009.

Many economists have been urging China for years to boost public spending on health care, social security and education, arguing that would encourage the nation's thrifty consumers to spend more and thereby support economic growth. Mr. Wen said the government will try to raise the share of national income that goes into the pockets of workers—as opposed to companies and the government.

The overall impact of the government budget on the economy is still supportive in 2010, if somewhat less so than in 2009, economists said. The gap between total government revenue and expenditure widened to 2.1% of gross domestic product in 2009—the first full year of the stimulus plan—from 0.4% in 2008, the finance ministry's figures showed. That gap will widen by a smaller margin to 2.8% of GDP in 2010, delivering less of a boost for the second and final year of the stimulus.

The government said it will keep budget deficits contained as it tries to maintain the solid public finances of recent years. "We must keep the deficit under 3% of GDP," the finance ministry said in its presentation, in order to "actively fend off financial risks, and leave some leeway to gradually reduce the deficit in future years."

An emerging threat to that carefully nurtured stability is the hidden debt of many local governments. China's provinces, cities and counties are normally forbidden from taking on debt but managed to borrow extensively last year through investment vehicles that they control. "Local-government debts are mounting and financial risks cannot be overlooked," the finance ministry said, while adding that it has "worked out policies and measures to effectively guard against risk from local-government debts."

Chinese bank defends record in Africa

BEIJING—Export-Import Bank of China will continue to invest in Africa, President Li Ruogu said Sunday, despite mounting criticism from abroad that China is attempting to control resources and expand its influence on the continent.

"We will continue our cooperation with Africa, despite the risks," he said. Asked about the bank's attitude toward criticism from the West, Mr. Li told a group of reporters that China has built up a sustainable cooperation model with Africa, which has benefited the continent.

The remarks by the head of one of China's policy lenders are in line with Beijing's stance not to bow to any external pressures from developed nations. The U.S. and its major allies have in past years criticized China for promoting exports to poor countries by providing large loans that drive up their debt levels.

Mr. Li said the West has displayed a lot of misunderstanding about China's push to invest outside its own borders. He added, "Let them say what they want to say as we do what we want to do."

Exim Bank, set up in 1994, has a mandate to finance China's imports and exports of machinery products, high-tech products, as well as its overseas projects and investment. Partly helped by the growing presence of Chinese state-owned banks including Exim Bank, China's investment in Africa has kept growing in recent years in various areas from power stations to telecommunications projects.

Mr. Li, 59 years old, holds a master's degree from Princeton University and is a former vice governor of the People's Bank of China. He also served at international organizations including the International Monetary Fund and acted as liaison to the African Development Bank.

Exim Bank has invested less than one-third of its assets in Africa, according to Mr. Li. The bank's assets reached more than 950 billion yuan ($139 billion) at the end of last year, and outstanding loans reached more than 600 billion yuan.

Mr. Li rebutted criticism from the West that Chinese companies lack transparency in their moves in Africa.

"Western countries should set an example in making public the resources they have grabbed in Africa in the past 400 years. Only after that can we come to the issue of China's transparency," Mr. Li said.

In a move to reflect the increasingly close ties between China and Africa, South African International Affairs Minister Maite Nkoana-Mashabane said in February that her country was finalizing an agreement to build its mineral-processing industry together with China.

Industrial & Commercial Bank of China Ltd., the country's largest lender by assets, took a 20% stake in Johannesburg-based Standard Bank Group Ltd. in 2008 in a deal valued at about $5.5 billion. Other lenders in China have also expanded their lending in Africa.

China Investment Corp., the country's $300 billion sovereign wealth fund, however, has expressed caution in investing in Africa.

Jesse Wang, CIC's executive vice president, said last week that CIC won't be concentrated on a single region such as Africa. He cited political risks as well as concerns about an immature legal system in Africa.

—Victoria Ruan and J.R. Wu

China signals some flexibility on yuan

Continued from first page

Bader, to Beijing to discuss Iran. Israel also sent a high-level delegation late last month, led by its strategic affairs minister, Moshe Yaalon, and its central bank chief, Stanley Fischer, to seek Chinese backing for stronger sanctions against Iran.

On Sunday, Mr. Yang repeated Beijing's longstanding position that "pressure and sanctions can't solve the fundamental problem," and again urged continued diplomacy with Tehran. "We don't think diplomatic efforts have been exhausted," he said.

Mr. Zhou's comments on the currency Saturday were the most direct suggestion to date by a Chinese official that the yuan's current de facto peg to the dollar won't be maintained indefinitely. Previously, government officials have stressed currency stability without much qualification, and have rejected foreign pressure to allow the yuan to strengthen.

Mr. Zhou said the current policy—which has kept the yuan's value basically unchanged against the dollar since July 2008—was a "special measure" adopted in unusual circumstances. "This is a part of our package of policies for dealing with the global financial crisis," he said. "These kinds of policies sooner or later will be withdrawn."

Economists and currency-market participants increasingly expect that China will at some point this year allow its currency, which is formally known as the renminbi, to rise against the U.S. dollar. Inflation in China is picking up as the economy recovers, a problem many economists say a stronger currency could address.

Trade frictions are also on the rise. The currency peg has helped the country's exporters take advantage of the recent recovery in world trade, but has drawn increasing criticism from the U.S. and Europe as well as China's Asian neighbors. For those critical of Chinese currency policy, Mr. Zhou's indication that he is considering an exit from the peg was welcome.

Bloomberg News

Central bank Gov. Zhou Xiaochuan at the congress in Beijing, on Saturday.

"It is encouraging that Gov. Zhou's statement suggests that the move to a managed float of the renminbi will be resumed once the global recovery firms up," said Eswar Prasad, a professor at Cornell University who previously headed the International Monetary Fund's China desk. "Maintaining an undervalued exchange rate certainly benefits China, but at the expense of other countries that lose their relative competitiveness in foreign trade."

Mr. Zhou's remarks don't necessarily mean a change in the currency is imminent. China's Ministry of Commerce has stressed the need to continue present policy, especially as the recovery in the export sector remains fragile. On Friday, Premier Wen Jiabao reaffirmed that China will continue to keep the yuan "basically stable"—though that language is vague enough to allow the leadership some flexibility. Mr. Zhou himself said prospects will depend on how the global economy evolves.

"If we are to withdraw from unconventional policies and return to conventional economic policies, we need to choose the time very carefully. This includes the exchange-rate policy for the renminbi," Mr. Zhou said. "The G-20 Pittsburgh summit also particularly pointed out the need to avoid the premature withdrawal of stimulus policies."

In addition to assessing the uncertain global economic outlook, Beijing also has to decide the tricky issue of exactly how to lift the current peg to the dollar. A gradual strengthening of the yuan would be easier on exporters but would attract foreign funds seeking to profit from further appreciation. A one-off revaluation, on the other hand, could stem such inflows but would hit exporters hard.

The political climate abroad is becoming less and less receptive to such nuances. Mr. Obama told Democratic senators earlier this year that he will "get much tougher" with China on trade issues, including the currency. The U.S. Treasury in April also faces its annual decision on whether to formally label China a "currency manipulator."

Chinese officials have long bristled at outside criticism of the currency, and Mr. Zhou said he is opposed to what he called "politicizing" exchange-rate policy. But he indicated a willingness to address currency issues in the context of the Group of 20 nations' discussions on maintaining balanced global economic growth.

And Mr. Zhou emphasized that China's exchange-rate policies aren't set in stone for the long term, because they need to adapt to changes over time in the structure of the Chinese economy. "The exchange-rate mechanism and the price of the renminbi are in a dynamic process of continuous change," he said. "So they will differ in different periods."

—Liu Li contributed to this article.

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Fujitsu revises executive story

Technology firm concedes it asked Nozoe to leave because of 'antisocial' ties; former president had raised dispute

By Daisuke Wakabayashi And Juro Osawa

TOKYO—**Fujitsu** Ltd. said its former president agreed to step down last year after an internal investigation found he was indirectly linked to a company with what was considered an "unfavorable reputation," correcting its earlier explanation that he resigned due to illness.

Fujitsu issued a statement Saturday after a lawyer for Kuniaki Nozoe, who served as the company's president for 15 months, said Mr. Nozoe was "rescinding" his Sept. 25 resignation on the grounds that other Fujitsu executives demanded he step down alleging that he had ties to organized crime.

The allegations of ties to "antisocial forces" weren't true and Mr. Nozoe now wants to "restore his honor," his lawyer Kei Hata said in an interview on Friday prior to Fujitsu's statement. The phrase "antisocial forces" is code in Japanese for "organized crime."

Fujitsu's statement said that Mr. Nozoe didn't do anything illegal but that he resigned on his own accord after taking into account the potential risk for Fujitsu because of the reputation of a company he had associated with. Fujitsu declined to identify the company or what type of work was involved.

"Mr. Nozoe resigned fully understanding that our company's president should act in a way that doesn't create any suspicion," the statement said.

In a statement of his own on Saturday, Mr. Hata challenged the company's version of the events leading up to Mr. Nozoe's resignation, saying parts of it were "pure fiction." Mr. Hata said Mr. Nozoe resigned only because he was given the choice of stepping down or being dismissed.

Mr. Hata said Mr. Nozoe wasn't immediately available to comment.

Fujitsu severed any remaining ties with Mr. Nozoe on Saturday, dismissing him from being an adviser, the honorary role he took after resigning last year.

Also on Saturday, Fujitsu amended last year's filing to the Tokyo Stock Exchange that cited illness as the reason for Mr. Nozoe's resignation. A Tokyo Stock Exchange spokesman said it is unlikely for the bourse to impose any penalty for this amendment.

"It could have been problematic if Fujitsu had refused to disclose any further information, but it now has," the spokesman said. The exchange had asked Fujitsu on Friday to check whether the content of last year's filing on Mr. Nozoe's resignation was appropriate.

Bloomberg News

Former Fujitsu president Kuniaki Nozoe, shown last year, has rescinded his resignation and wants an investigation.

Fujitsu said it decided to use illness as the reason for Mr. Nozoe's resignation partly because he was actually not feeling well at the time. Mr. Nozoe agreed to this decision, the statement said. Mr. Hata said Saturday that Mr. Nozoe wasn't sick.

Fujitsu, one of Japan's biggest technology companies revamping its operations to model itself on International Business Machines Corp., never specified what was wrong with Mr. Nozoe when he resigned five months ago. Fujitsu Chairman Michiyoshi Mazuka temporarily took over as president and started a search for a permanent successor.

In Japan, management fights are unusual and carefully contained, especially at major corporations like Fujitsu. If an executive at a large, publicly traded company is asked to resign, the person nearly always unquestioningly does so without complaint to spare the company from embarrassment.

"I have never heard of such cases at a listed company," said lawyer Takashi Kanai at Frantech Law Office in Tokyo, saying the incident could take place at small family-run company.

The 62-year-old Mr. Nozoe joined Fujitsu in 1971 after graduating from Waseda University. During his 39-year career, he climbed the corporate ladder before eventually becoming head of Fujitsu's software-services business. Mr. Nozoe aggressively pushed for changes at Fujitsu. He sought to simplify the electronics conglomerate and focus on systems software and technolo-

Please turn to page 28

Bull market fails to address aversion to U.S. stocks

By Tom Lauricella

One of the most powerful bull markets of all time hits its first anniversary this week and individual investors hate U.S. stocks almost as much as they did when the market was tumbling to a 12-year-low last March.

ABREAST OF THE MARKET

That isn't surprising given the other anniversary coming this week: the peak of the technology-stock bubble, which set off what would be the worst calendar decade for stocks in history.

But a look at where investors are putting their money shows some important changes in behavior. The old habit of buying on the dips is gone; investors have been willing to take on risk in the past year, buying junk bonds and emerging-market stocks, even as they shun their old bread-and-butter stock holdings; and there are signs they might turn back to stocks at a moment when performance tends to be weak.

In 2010, investors around the globe have pulled $15.3 billion out of U.S. stock funds, according to data from EPFR Global, which tracks global money flows. Meanwhile, roughly $2 billion has gone into emerging-market stocks—after inflows of $65 billion last year— and $20 billion into U.S. bond funds.

Especially notable is the aversion that individual, presumably longer-term, U.S. investors have had to their own stock market.

This year, $4.6 billion has been pulled out of U.S. stock mutual funds, according to the Investment Company Institute, whose data doesn't include exchange-traded funds. At the same time, world equity funds have taken in nearly $14 billion and bond funds more than $56 billion. This comes after investors pulled more than $53 billion out of U.S. stock funds in 2009.

This is a far different pattern

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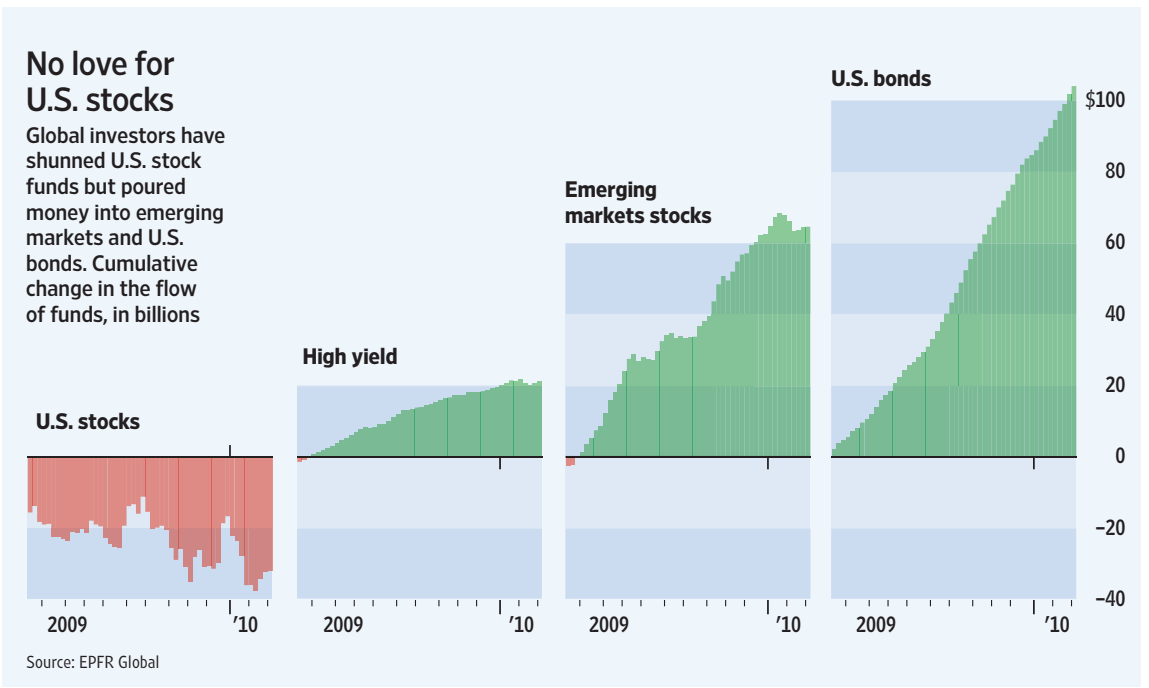

Toyota moves to discredit its critics

Auto maker will present experts to refute a study that suggests electronics are to blame for sudden acceleration

By Dionne Searcey And Kate Linebaugh

With embarrassing vehicle recalls and testy U.S. congressional hearings behind it, **Toyota Motor** Corp. is planning an assault this week on its critics as the company digs in for a mammoth legal battle.

In a media event planned for Monday and a Tuesday address to 1,000 suppliers, the Japanese auto maker plans to defend its electronics systems.

It will roll out independent experts like the head of Stanford University's auto-research center to discredit a study that suggests electronics are to blame for sudden acceleration in some Toyota vehicles.

The company is also challenging the credibility of a self-described whistleblower who has turned over internal company documents to congressional investigators. The company is providing reporters with court filings that it says show the former employee has a history of mental illness and poor performance reviews.

Toyota is going to "take the gloves off and respond to their critics," according to a person familiar with the company's thinking. "Clearly it is going to be the most powerful defense that they have made versus what their critics have described and is a signal of a more aggressive response," the person said.

At the same time, the company is marshalling its resources to fight the more than 70 suits that seek class-action status as well as other suits that blame it for everything from lowering the value of consumers' Toyota vehicles to causing serious injuries or fatalities. Plaintiffs' attorneys are jockeying to take the lead in the litigation, which could be consolidated into one or a handful of cases.

Toyota President Akio Toyoda Friday met with employees in Japan for the first time since the recall in an effort to boost morale. "It is important now to reassure [customers] that Toyota vehicles are safe," he said.

Lawmakers have questioned Toyota executives about their response to reports of sudden unintended acceleration, which has prompted the recall of 8.5 million vehicles worldwide.

Associated Press

Toyota President Akio Toyoda spoke to workers at the car maker's headquarters in Japan on Friday in an effort to boost employee morale. 'It is important now to reassure [customers] that Toyota vehicles are safe,' he said.

On Friday, two U.S. congressman said Toyota has yet to show it has fully investigated its electronic systems and called for more company officials be made available for interviews.

The demands from Rep. Henry Waxman, a California Democrat and chairman of the House Energy and Commerce Committee, and Rep. Bart Stupak, a Michigan Democrat and head of the committee's investigative panel, came in a letter to James Lentz, Toyota's U.S. sales chief.

Toyota said in a statement that it received the letter and would cooperate with the committee, including providing an outside firm's study on Toyota's electronic systems.

Toyota plans to attack a study by congressional witness David W. Gilbert, a professor at the Southern University of Illinois-Carbondale, who said he was able to replicate sudden acceleration in Toyota cars without creating an error code in the vehicles' onboard computer.

In his report, Mr. Gilbert said his findings "question the integrity and consistency" of Toyota's computers to detect malfunctions.

"The Gilbert demonstration is a hoax or a parlor trick," said the person familiar with Toyota's thinking, adding that the report was rushed out to coincide with congressional hearings so no one could check the authenticity of it. In an announcement about Monday's press event, Toyota calls Mr. Gilbert's findings "completely unrealistic."

Mr. Gilbert declined to comment, referring calls to a university spokesman who said the professor plans to meet with Toyota's contracted researchers to compare findings later this month.

Toyota also is waging a campaign to chip away at the credibility of Dimitrios Biller, a former Toyota lawyer who provided documents under subpoena to Congress that he contends show Toyota has a culture of withholding crucial evidence about problems with its vehicles. Mr. Biller has sued Toyota for wrongful termination, and Toyota has sued him for disclosing confidential information.

Toyota says the documents turned over to Congress, which Mr. Biller mostly authored himself, are taken out of context. In an email sent to the Wall Street Journal, Toyota highlighted copies of legal filings that include negative job reviews for Mr. Biller at a past employer and highlight mental-health issues. In one document, a discrimination complaint from 2008, Mr. Biller writes he is "suffering from serious depression."

Mr. Biller said Friday his mental-health issues consist of being treated for depression "like 42 million other people" and said he stands by the documents he provided to Congress.

People familiar with Toyota's issues say it will defend cases that blame electronics for sudden-acceleration incidents. Cases that are clear-cut instances of accelerator pedals becoming entrapped by floor mats could be harder to defend; Toyota has recalled certain floor mats, acknowledging the problem.

A spokeswoman for Toyota, wouldn't comment on the company's legal strategy. "We'll look at every case and complaint on an individual basis," she said.

Toyota is seeking to have 77 cases tied to claims of unintended acceleration consolidated, according to a February court filing. Toyota wants the cases heard in federal court in the Central District of California, close to its U.S. headquarters in Torrence, Calif. A hearing on the request is set for March 25.

—Joshua Mitchell contributed to this article.

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Bloomberg News

China Unicom CEO Chang Xiaobing, above in Hong Kong in November, says Unicom is considering lower iPhone prices.

China iPhones to upgrade

Apple and local partner plan new model with Wi-Fi Internet access

By Aaron Back

BEIJING—**China Unicom (Hong Kong)** Ltd. is working with **Apple** Inc. to introduce iPhones with Wi-Fi wireless Internet capability to China, Unicom Chief Executive Chang Xiaobing said.

Apple and Unicom, one of three Chinese state-owned telecommunications carriers, started selling the iPhone in China in October. Government regulations forced Apple and Unicom to disable Wi-Fi capability, which, along with relatively high prices, made the phone less attractive to many Chinese consumers than fully functional iPhones brought in for resale from other markets.

The Chinese regulation required that handset makers that wanted to include wireless Internet in their products use a Chinese standard called WAPI. That forced Apple to redesign the iPhone, which normally uses the Wi-Fi standard. The regulation was revised last spring to allow handset makers to ship phones with Wi-Fi if they also included WAPI, analysts say, but by that time the device had been redesigned for approval by Chinese regulators.

While Mr. Chang didn't discuss the regulations, his comments indicate the revision last year has paved the way for a new model with Wi-Fi capability. Mr. Chang, who was speaking to reporters on the sidelines of the annual session of the National People's Congress, China's legislature, didn't give a specific timetable for the change. But he said that if the new model is introduced the company will consider compensating current users who lack Wi-Fi, perhaps by allowing greater use of Unicom's high-speed third-generation wireless network.

Apple didn't immediately respond to a request for comment.

China Unicom will consider compensating current users who lack Wi-Fi if a new iPhone model is introduced, perhaps by allowing greater access to a 3G network.

Accessing the Internet through the 3G cellular network is typically more expensive than using Wi-Fi, which lets users reach the Internet through a standard local wireless connection, although Wi-Fi is limited to specific locations.

Mr. Chang said the price for the iPhone in China is similar to that in other markets after taking Unicom's calling-plan costs into account but added he understood people would like to see lower prices. Not including discounts on service, Apple and Unicom charge $730 to $1,020 for the iPhone, making it more expensive than "gray market" iPhones brought into the country through places such as Hong Kong. Unicom will lower iPhone prices if conditions permit, Mr. Chang said.

China Unicom is the only Chinese telecom operator that offers the iPhone in China, though larger rival **China Mobile** Ltd. has said repeatedly that it is in talks with Apple to offer the iPhone in the country.

China Unicom had 145.7 million second-generation users and 3.6 million 3G users at the end of January. China Mobile had 3.9 million 3G users out of a total of 527.4 million mobile users, making it the largest mobile operator in the world.

Mr. Chang said capital spending by Unicom and its parent company will fall this year, as they reduce investment in areas such as broadband. Unicom said a year ago that it expected capital expenditure to be 110 billion yuan ($16.11 billion) last year, from 70.49 billion yuan the previous year.

"This year our overall investment will clearly decrease from last year's level," he said Saturday. "But 3G development remains our investment priority for 2010. We will absolutely not slow the pace of 3G development."

Alibaba unit doesn't plan IPO

By Andrew Peaple

BEIJING—**Alibaba Group** Chief Executive Jack Ma told employees that the Chinese Internet company has no plans for an initial public offering for its Taobao online retail unit, a person familiar with the situation said Friday.

Speaking at a large Taobao employee celebration Thursday evening where he was asked about plans for Taobao, Mr. Ma said Alibaba Group has "no plans for an IPO" for the unit, the knowledgeable person said. "We still have a long way to go to achieve our vision of enabling businesses to achieve their dreams on the Taobao platform," the person quoted Mr. Ma as saying.

Taobao, which enables individuals and big consumer brands to sell their goods online, has grown rapidly in recent years to become the most popular destination for online shoppers in China.

The company says more than $29 billion of goods were sold over its site last year and has said it expects to double that amount this year. Taobao had 170 million registered users at the end of last year.

Taobao's rapid expansion has fueled speculation that it might seek an IPO.

Alibaba Group's other main unit, **Alibaba.com** Ltd., an online platform for smaller businesses in China and elsewhere to sell their products to international buyers, went public in Hong Kong in 2007 and has a market value of about $11 billion.

Alibaba officials have never confirmed such plans, but Mr. Ma's statement is his most definitive about the company's intentions.

Mr. Ma said Taobao's focus for the next two to three years "is going to be on job creation by helping small business entrepreneurs open shops" on the site.

Apple iPad to make U.S. debut April 3

By Nick Wingfield And Jennifer Valentino-DeVries

Apple Inc. said the iPad will hit stores next month, a few days later than expected but not enough to rattle investors eager to see how consumers respond to the new device.

The Cupertino, Calif., company said it will first begin selling a version of the iPad that uses Wi-Fi to access the Internet on April 3 in the U.S., while a model that also gets online through wireless carriers' high-speed 3G networks will go on sale later that month.

Apple will begin taking orders for the iPad from U.S. customers on its Web site March 12.

Apple has said **AT&T** Inc., its domestic-carrier partner for the iPhone, will supply the 3G wireless service for the iPad in the U.S. But an AT&T spokesman said the iPad won't be sold in AT&T stores.

Customers in Australia, France, Germany, Japan and other countries will be able to buy the iPad in late April.

When it introduced the iPad in January, Apple said the product would be available in late March. Recently, an analyst report suggested Apple had encountered some production glitches that might delay the release of the iPad and limit quantities of the device that are initially available.

Apple's announcement that the iPad will come out in early April seemed to reassure investors, sending the company's shares up $8.24, or 3.9%, to $218.95 on the Nasdaq Stock Market on Friday.

"Production issues, in my mind, are not days or a week in time," said Gene Munster, an analyst at Piper Jaffray. "Production issues are when things slip by weeks. So I almost see this date as confirmation that there weren't production delays, and it doesn't impact any of our numbers."

An Apple spokeswoman declined to comment.

It is unclear how many iPad units Apple will have available at launch and whether the introduction will turn into the kind of event that occurred when iPhones first went on sale nearly three years ago, which saw lines of customers in front of stores before it went on sale.

The tablet-shaped iPad, with a large touch-sensing screen for navigating the Internet, watching videos and reading electronic books, is trying to define a new category of technology devices with uncertain market potential, while the iPhone was able to tap into a huge audience of existing cellphone customers.

The iPad, which will come in models priced between $499 and $829, has a 9.7-inch screen, no keyboard and a wireless Internet connection.

Reuters

Reporters tried the iPad at its January unveiling. It will be available in many countries by late April.

Garuda Indonesia

INVITATION TO BID

PT GARUDA INDONESIA (Persero), the national flag carrier of Indonesia, will conduct an aircraft leasing tender for Hajj transportation for the year of 2010. We would like to invite interested parties to participate in this tender.

Requirements of the lease are as follows:

Aircraft type	:	B747-300/400, B767-300ER, B777-200 LR or preferably B777-300/B777-300 ER and Airbus A330-200/300.
Aircraft Requirement	:	Preferably IOSA Compliance.
Year of Manufacture	:	Not earlier than 1990 for B747-300/400. Not earlier than 1996 for B777, B767-300ER & Airbus A330-200/300.
Type of Lease	:	Wet Lease (A.C.M.I)
Lease Term	:	10 October 2010 until 23 December 2010.
Route	:	From Indonesia to Jeddah and/or Medina v.v.

Participants shall be the owner and/or Operator of the aircraft, holding Air Operator Certificate.

The Leasing proposal must include:
Technical specifications and aircraft MSN/Serial Number.
Commercial terms.

Tender leasing documents can be obtained from Thursday 4 March to Friday 19 March 2010 during business hours from the Garuda Indonesia Operations Center (see address below). Tender documents are available for a non-refundable administration fee of USD 1.000.00 (One Thousand United States Dollars).

Interested participants must submit bids not later than Tuesday 23 March (04.30 PM) 2010.

All correspondence should be addressed to:
Attn: Executive Project Manager Aircraft Procurement Project
PT Garuda Indonesia (Persero)
Garuda Operation Center Building – 1st Floor, Room 100
Garuda City, Soekarno-Hatta International Airport
Cengkareng 19120, Indonesia
P.O. Box 1004 TNG BUSH
Tel: +62 21 5501454
Fax: +62 21 5508214
Emai : hajj2010@garuda-indonesia.com

Bloomberg News

Essar Group is purchasing 200 million tons of Central Appalachian coal reserves in the U.S. Above, the company's Mumbai corporate offices in August.

Coal M&A activity shows pickup

India's Essar Group buys Trinity Coal from Denham Capital for $600 million

By Mark Peters

India's **Essar Group** will acquire U.S. coal producer **Trinity Coal** for $600 million, giving the global steelmaker direct access to a key raw material where demand is seen recovering.

An Essar unit is buying Trinity from **Denham Capital**, a U.S.-based private-equity firm focused on energy and commodities investments. The deal will give Essar, an international conglomerate with interests in steel, energy, construction and shipping, and ownership of 200 million tons in coal reserves in the Central Appalachian region. The reserves include metallurgical coal used in steel production and thermal coal used to fuel power plants.

The deal, expected to close by the end of the month, is a sign that steelmakers again are shopping for raw materials to own more their supply chain. The trend emerged two years ago as the steel industry looked to lessen dependence on large mining companies but fizzled amid the global financial crisis and a deep drop in steel demand. Demand for metallurgical coal, led by Asia, has recovered as the global economy rebounds.

"There seems like there is increasing interest particularly among the international steel producers toward backwards integration," said Carl Tricoli, managing partner of Denham Capital, whose firm had interest in Trinity from several steel producers. Mr. Tricoli said the investment in Trinity, which Denham acquired in 2005, was profitable, but declined to discuss the returns.

The deal also underscores the growing appetite for international deals among Indian companies, including a bid by Reliance Industries Ltd. for petrochemicals maker LyondellBasell Industries. India-related outbound merger and acquisition activity for 2010 is on the fastest pace on record, according to Dealogic.

Essar has a steelworks in Ontario, Canada, and a plant planned for the U.S. in Minnesota. Essar also is developing and operates power generation in India, which hasn't been a traditional market for U.S. thermal coal. Mr. Tricoli said Trinity's thermal production is sold to regional U.S. utilities, with much of it under contract in the near term.

Essar didn't respond to a request for comment after Denham announced the deal Friday.

Denham said Essar expects the coal from Trinity's mines in West Virginia and Kentucky to be integrated into its steel and power operations around the world. Denham, after buying Trinity, doubled its reserves and increased its annual production capacity more than five-fold to nine million tons a year. In comparison, federal data show the output of the largest eastern producers can run four or five times higher.

Shares of U.S. coal producers over the last year have recovered, with some companies boosting output estimates for metallurgical coal and taking the rare step of shipping directly into Asia. Essar's purchase of Trinity could spur further gains on hopes that merger and acquisition activity may be picking up.

Shares of several coal companies climbed Friday amid wider market gains on better-than-expected U.S. jobs data. **Massey Energy** Co. rose 6%, **James River Coal** Co. climbed 9.8% and **Patriot Coal** Corp. rose 13.5%.

Other global steel producers in recent years have scooped up mining assets in the eastern U.S. in an effort to extend their ownership deeper into the supply chain. ArcelorMittal bought Mid Vol Coal Group and Concept Group, and OAO Severstal bought PBS Coals Corp.

CNPC gets clearance for talks

BEIJING—**China National Petroleum** Corp. has been authorized to jointly develop coal-bed methane projects with foreign partners, a senior CNPC official said Sunday, ending a monopoly previously held by **China United Coalbed Methane** Co., or CUCBM.

Yu Baocai, a vice general manager of CNPC, didn't say when the approval was given, or whether CNPC had started talks with potential foreign partners.

CNPC, the nation's top oil and gas producer by capacity, said in late February it planned to increase its focus on alternative-energy sources, including coal-bed methane, ethanol and oil sands.

In 2008, the government ordered the breakup of CUCBM—a move that analysts interpreted as a sign Beijing was impatient with the slow development in the domestic coal-seam gas sector, but didn't remove its monopoly on working with foreign partners.

China has ambitious targets for producing coal-seam gas, as it seeks to reduce its reliance on coal and crude oil, which meet 90% of its energy needs. **Royal Dutch Shell** PLC and **ConocoPhillips** are among major energy companies that have coal-seam gas acreage in China, along with smaller companies such as **Green Dragon Gas** Ltd.

China's proven reserves of coal-bed methane have reached 170 billion cubic meters, 70% higher than in 2005, state-run Xinhua news agency reported in December, citing the Ministry of Land and Resources.

China's current coal-bed methane production capacity is 2.5 billion cubic meters a year, with actual annual output at 700 million cubic meters.

In November, CNPC's first major coal-bed methane project went into service. The facility, in Shanxi province, has a capacity of 850,000 cubic meters of gas a day.

The gas is fed into the West-East Gas pipeline, which spans the country from the northwestern Xinjiang Autonomous Region to the eastern city of Shanghai. —*Jing Yang*

Panasonic launches 3-D push in U.S. with Best Buy

By Daisuke Wakabayashi

TOKYO—**Panasonic** Corp. said it will partner with **Best Buy** Co., America's leading electronics retailer, to place special displays promoting its new 3-D television sets at the retailer's U.S. stores, and will discount the prices of those models by close to 50%, as part of the Japanese compaany's push to drive adoption of the technology.

Launching on Wednesday in the U.S., Panasonic's 3-D television sets are a critical part of the Japanese electronics giant's strategy to reverse losses at its TV operation, which was in the red last year and is forecast to incur a loss for the current fiscal year ending March 31. The company also hopes to revive demand for its plasma displays with its 3-D models. Plasma, which is better suited for 3-D because of its faster response, has lost ground in recent years to the more popular liquid crystal displays.

Panasonic said it aims to sell one million 3-D television sets in the fiscal year ending March 31, 2011, with half of the sales being targeted for the U.S. market. The company's president, Fumio Ohtsubo, told reporters he expects the TV business to return to profit in the next fiscal year, helped in part by 3-D sales.

Osaka-based Panasonic said Best Buy will set up displays at several hundred of its biggest stores, where customers can try out the 3-D television sets. Best Buy will then expand the roll-out to more than 1,000 stores nationwide, Panasonic said.

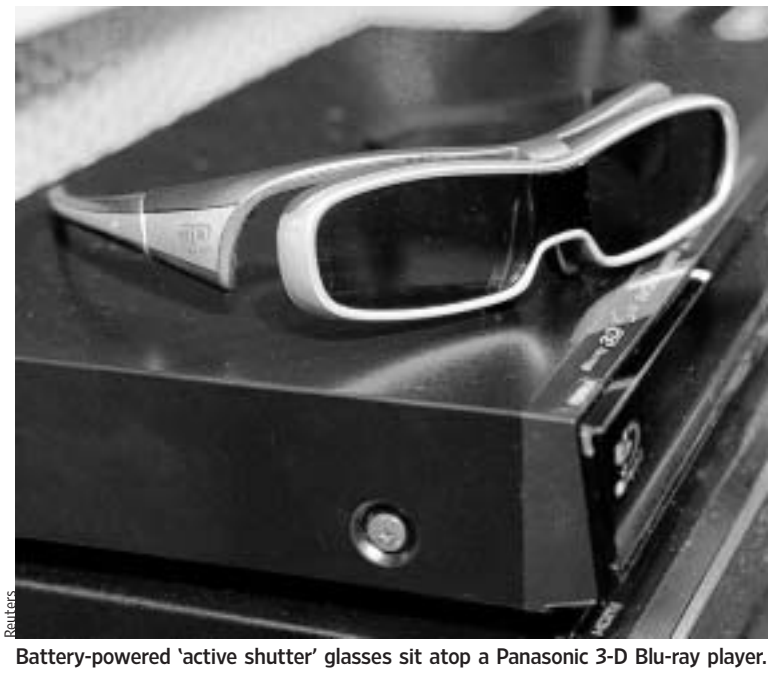
Details of the alliance between Panasonic and Best Buy first appeared in Japan's Nikkei newspaper on Sunday. Officials at Best Buy weren't immediately available for comment.

Panasonic plans to discount its 3-D models for the U.S. market. It plans to sell a 50-inch 3-D model for about $2,500. A similar set retails for about 430,000 yen, or about $4,800, in Japan.

While 3-D technology has gained popularity in theaters, electronics makers are starting to introduce new television sets and Blu-ray players to bring 3-D into the living room. Unlike past 3-D technology, which used color filters to create the 3-D effect, the latest models use battery-operated glasses that open and shutter rapidly to allow for high-definition 3-D images.

Global shipments of television sets capable of viewing 3-D video are forecast to rise to more than 1.2 million units in 2010 from about 200,000 units last year, according to research firm DisplaySearch. By 2013, shipments are forecast to rise to 15.6 million units.

This year, **Samsung Electronics** Co., **LG Electronics** Inc. and **Sony** Corp. are also targeting the 3-D market with new television sets.



Reuters

Battery-powered 'active shutter' glasses sit atop a Panasonic 3-D Blu-ray player.

CORPORATE NEWS

China Eastern to join air alliance

Chairman expects passenger growth of more than 20% this year; membership in group to come next month

By Patricia Jiayi Ho

BEIJING—**China Eastern Airlines** Corp. Chairman Liu Shaoyong said Sunday he expects the company's passenger volume to grow more than 20% this year, after the airline carried 44 million passengers in 2009, up 18.3% from the previous year.

The Shanghai-based airline, the only one of China's top three carriers that hasn't yet joined a major airline alliance, also plans to announce its membership in an alliance next month, Mr. Liu told reporters on the sidelines of the National People's Congress. He didn't elaborate.

The airline has said it is in talks with all three major airline alliances—Star Alliance, Oneworld and SkyTeam. Of China's two other major airlines, **Air China** Ltd. is a member of Star Alliance and **China Southern Airlines** Co. is a member of SkyTeam.

China Eastern said its passenger volume rose 9% in January from a year earlier to 3.5 million.

Passenger volume in China's aviation industry is expected to rise 13% this year to 260 million passengers, the state-run China Daily said in January, citing China's Civil Aviation Administration.

Imaginechina

China Eastern carried 44 million passengers last year, up 18.3% from the previous year. Above, Shanghai airport

China Eastern isn't in talks with **Singapore Airlines** Ltd. for a strategic investment, Mr. Liu said, though the Chinese airline said in February it is seeking a strategic investor.

A deal to sell a 24% stake to SIA's parent company, **Temasek Holdings** Pte. Ltd., was blocked by Air China two years ago.

In a speech to National People's Congress delegates, Mr. Liu urged the State Council, China's cabinet, to help the development of civil aviation by better coordinating responsibilities between airlines and railway companies, for more efficient use of resources.

Analysts say high-speed rail will hurt Chinese airlines, cutting into demand as railway lines expand.

Mr. Liu also urged the government to speed up reform of China's airspace management to avoid delays and increase freedom in route planning. About 20% of China's airspace comes under the purview of civil aviation, compared with more than 80% in the U.S., Mr. Liu said. China's military controls the majority of the country's airspace.

—Jin Jing contributed to this article.

2008 BEIJING OLYMPICS. ASSASSINATION OF BENAZIR BHUTTO. 2004 US PRESIDENTIAL ELECTION CAMPAIGN. PAKISTAN'S 60TH ANNIVERSARY. DEADLY CYCLONE IN BANGLADESH. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE.PAKISTAN'S 60TH ANNIVERSARY. DEADLY CYCLONE IN BANGLADESH. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE. 2008 BEIJING OLYMPICS. ASSASSINATION OF BENAZIR BHUTTO. 2004 US PRESIDENTIAL ELECTION CAMPAIGN. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. DEADLY CYCLONE IN BANGLADESH. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE.PAKISTAN'S 60TH ANNIVERSARY. DEADLY CYCLONE IN BANGLADESH. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE. 2008 BEIJING OLYMPICS. ASSASSINATION OF BENAZIR BHUTTO. 2004 US PRESIDENTIAL ELECTION CAMPAIGN. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE. 2008 BEIJING OLYMPICS. ASSASSINATION OF BENAZIR BHUTTO. 2004 US PRESIDENTIAL ELECTION CAMPAIGN. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE.PAKISTAN'S 60TH ANNIVERSARY. DEADLY CYCLONE IN BANGLADESH

Can banks avert Spain woes?

Banco Santander, BBVA face challenges from an increase in nonperforming loans

By Sara Schaefer Muñoz

Spain's property woes and economic downturn finally may be catching up with the country's two largest banks, **Banco Santander** SA and **Banco Bilbao Vizcaya Argentaria** SA.

The big banks have remained profitable throughout the financial crisis despite the bursting of the housing bubble in Spain, high unemployment and other problems. One reason: the government's strict requirements for Spanish banks to maintain high reserves against bad loans, in part a response to a previous property downturn in the 1990s.

But now there is concern about whether these cushions can withstand the impact of an increase in nonperforming loans. As these mandatory reserves wane, the banks' profits could be hit by the same economic and real-estate-related losses that have dogged banks in the U.S. and Europe.

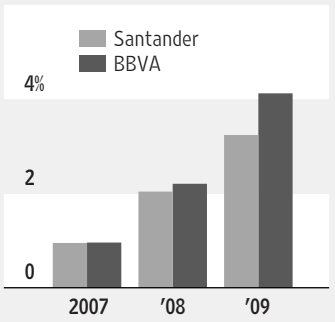
"Having outperformed the sector during the credit crisis ... recent results cast doubt over the adequacy of generic reserves to absorb future losses," said Barclays Capital analyst Tom Rayner in a recent note. Barclays ranks the banks "underweight."

Both Santander and BBVA maintain that their provisions are adequate and in compliance with the central bank's rules.

At the same time, some analysts have raised questions about whether the Spanish banking sector in general is underreporting problem loans, by agreeing to loan modifications that help borrowers make payments before the loan is officially categorized as delinquent.

Undercover

Spanish banks' nonperforming loans as a percentage of the bank's total loan book.



Source: the banks

Bloomberg News

Banco Santander maintains its loan-loss provisions are adequate.

Recent data from Spain's National Statistics Institute show a 55% rise in mortgage "novations," or changes to the terms of a mortgage, to 435,835 in 2009, for the sector.

As mandatory reserves wane, the banks' profits could be hit by the same economic and real-estate-related losses that have dogged banks in the U.S. and Europe.

A spokesman for Santander said the bank doesn't say how many mortgages it has restructured, but said the bank has a policy of helping good customers before a loan goes bad.

A spokesman for BBVA said it will work with customers in modifying some loans, but its residential mortgage book consists of mostly first-home mortgages on which people are unlikely to default.

A spokeswoman for the Asociacion Espanola de Banca, Spain's bank association, said the jump in novations likely was due to borrowers moving from a fixed to a variable rate, and it is unlikely to minimize troubled-loan ratios. Analysts, however, said these modifications could make risky loans—specifically, those on which the borrower needed to change the terms in order to be able to pay—look better in the short term and help the bank avoid taking a charge.

"The banks wouldn't have to recognize the restructured loan as problem loans," said Alastair Ryan, an analyst at UBS AG, which ranks the banks "sell." "But this could generate a drag on income in the future," if the bank is accepting lower interest or the loan eventually defaults.

Thanks in part to significant business operations outside of Spain, Santander and BBVA have managed to ride out the financial crisis better than their peers. Santander posted an €8.9 billion ($12.19 billion) net profit for 2009, up 1% from the prior year, and BBVA, €4.2 billion, down 15% from 2008.

The problem now is that the Spanish economy is continuing to deteriorate, making the dynamics of the property market even worse. Unemployment is expected to hit 20% this year, by some estimates.

While analysts said Spain's two biggest banks are well-capitalized, they said reserve provisions will wear thin by the end of the year for BBVA and by 2011 for Santander.

China bank may deepen links to Barclays

BEIJING—**China Development Bank** Corp. is considering deepening its cooperation with Britain's **Barclays** PLC.

The Chinese government-owned lender said in a statement Friday that its board of directors will decide on the details of its cooperation with Barclays.

China Development, which owns a 2.07% of Barclays, has no plan to sell its stake in the British company, the statement said.

China Development bought its stake in July 2007, paying €2.2 billion, or about $3 billion at current exchange rates, for what was then a 3.1% share in the British lender. The stake has since been diluted. The investment deal also included plans for the two companies to cooperate in areas such as hedging commodities. China Development agreed at the time to invest a further €7.6 billion if Barclays succeeded in acquiring ABN Amro, but the bid fell through.

China Development's investment was part of a wave of deals or attempted deals by Chinese financial institutions to invest overseas. But such deals nearly halted during the global financial crisis, as China's government grew wary of the Western financial system. China Development itself had a planned investment in an overseas bank rejected by the Chinese government during the crisis.

Long a policy lender that supported government infrastructure projects, China Development has been undergoing a restructuring in recent years to turn it into a commercial entity that may eventually lead to a stock-market listing.

It formally became a joint stockholding company in December 2008. The bank provided major backing last year for several Chinese investments overseas in natural resources.

Friday's statement by China Development appeared to be prompted by a media report citing the bank's president, Jiang Chaoliang, saying it was reviewing its relationship. The report suggested China Development might reduce its stake. But Mr. Jiang later clarified in an interview on the sidelines of the annual meeting of the National People's Congress that his bank has no such plans.

—*Victoria Ruan*

Korea Life IPO price set lower than expected

By Shin Jung-Won

SEOUL—**Korea Life Insurance** Co. set the price of its initial public offering at a lower-than-expected price, mainly due to weaker-than-expected demand from foreign investors, said a person familiar with the matter Friday.

IPO FOCUS

As a result, South Korea's No. 2 life insurer by premiums will raise 1.78 trillion won ($1.55 billion) from an IPO set for next week. The offering comes at a challenging time because a series of coming offerings by life insurers in neighboring countries are likely to have weakened interest from offshore investors.

The price of 8,200 won ($7.19) a share is below the indicative range of 9,000 to 11,000 won. The company has raised the total number of shares to be sold in the IPO to 217 million from the earlier planned 210 million. The offering will be South Korea's second-largest after Lotte Shopping Co.'s $3.74 billion IPO in January 2006.

Several insurers in the Asia-Pacific region are planning to float shares to raise funds, including South Korean insurers Samsung Life Insurance Co. and Mirae Asset Life Insurance Co., who are expected to gross a combined $4 billion.

Japan's Dai-Ichi Mutual Life Insurance Co. is gearing up for the country's largest IPO in years, expected to raise $11.8 billion before listing on the Tokyo Stock Exchange on April 1.

Analysts also expected recent sluggish stock-market conditions and the saturated domestic life-insurance market could further hurt demand for Korea Life's IPO.

Korea Life is 67%-owned by Hanwha Group. The remaining 33% stake is held by state-run Korea Deposit Insurance Corp.

Just over half of the offer is expected to be allocated to South Korea's domestic institutions and retail investors, while the remaining 49% will be placed among international institutions, according to a term sheet reviewed by a reporter in late February.

New shares make up 61% of the offering, with the remainder comprising old shares held by Hanwha Group and KDIC. The shares are set to make their debut on the Korea Exchange on March 17.

Credit Suisse Group, **Deutsche Bank** AG, **J.P. Morgan Chase &** Co., **Daewoo Securities** Co., **Tong Yang Securities** Inc. and **Woori Investment & Securities** Co. are managing the IPO.

Taiwan expands probe into Pang case

By Ting-I Tsai

TAIPEI—Taiwanese authorities stepped up their probe into the fraud scandal surrounding Danny Pang, searching the offices and homes of parties connected to the late California financier's firm to investigate suspicions of improper distribution of its financial products.

Some 50 officers from the Investigation Bureau under Taiwan's Ministry of Justice were involved in Friday's raids, said Wang Wen-de, spokesman for the Taipei District Prosecutors Office. They searched offices of **Taiwan International Securities** Corp. and two of its subsidiaries. The prosecutors office said in a statement that it is looking into whether the company "illegally distributed" financial notes for **Private Equity Management Group** Inc., or PEMGroup, Mr. Pang's firm. Authorities also searched the homes of Taiwan International Securities' chairman and his father, who founded the company, as well as the home of PEMGroup's former Taiwan chief representative.

The statement from the prosecutors office said Taiwan International Securities didn't have approval from the Financial Supervisory Commission to distribute the products.

Several Taiwanese financial firms from 2004 to 2008 distributed a total of more than $800 million of structured notes from PEMGroup. U.S. regulators seized PEMGroup in April on suspicion of fraud, and a court-appointed receiver later discovered a hole in its books initially estimated to be between $400 million and $600 million.

Mr. Pang, who was born in Taiwan, was accused by the U.S. Securities and Exchange Commission of running a Ponzi-like scheme and misusing funds from PEMGroup to finance a lavish lifestyle. Mr. Pang denied the allegations until his death in September, at age 42, in what a coroner ruled was a suicide.

In a statement, Taiwan International Securities denied any wrongdoing and said it wasn't involved in the distribution of PEMGroup securities. It said it is cooperating with investigators, and hopes they will "clarify misunderstandings" after reviewing material from Taiwan International Securities. The Taiwanese company's chairman, Chang Yuan-Ming, and his father, Chang Pen-Tsao, its founder, couldn't be reached for comment.

Chang Pen-Tsao's daughter worked for PEMGroup for several years. In a telephone interview last year, Chang Pen-Tsao said he didn't know Mr. Pang well, and he denied having business ties to him.

Leon Chan, PEMGroup's former Taiwan chief representative, on Saturday denied wrongdoing and said he hopes authorities "can quickly bring the truth to light." PEMGroup shut its Taiwan office last summer.

After U.S. regulators seized PEMGroup in April, Taiwan's Financial Supervisory Commission pressured the financial institutions that distributed the PEMGroup notes to repurchase them from retail investors. The banks complied, shielding their customers from losses.

MARKETS

A harbinger of dollar rise

Yen regains status as cheapest currency to borrow; a tool in yield-seeking trades

By David Roman

SINGAPORE—The yen this week regained its status as the cheapest of the world's heavily traded currencies to borrow, a shift that could indicate a stronger U.S. dollar is down the road.

A closely watched rate for borrowing Japanese yen—the yen's three-month benchmark London interbank offered rate, or Libor—fell below its U.S. dollar counterpart Thursday for the first time in six months.

The yen had been cheaper to borrow than the dollar from May 1993 until 2009. The fall in dollar Libor rates late last year resulted in a prolonged greenback slump, as the dollar was used to fund trades into higher-yielding currencies.

That bout of dollar weakness ended in December as market players began betting that the U.S. Federal Reserve would raise interest rates later this year or in early 2011. That contrasts with expectations that the Bank of Japan will keep its policy rate at ultra-low levels.

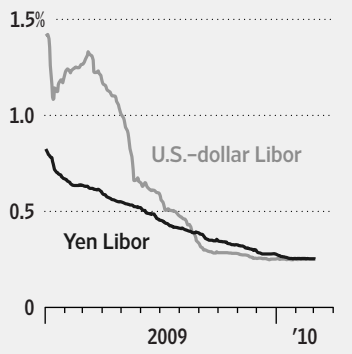
David Forrester, a strategist with Barclays Capital, said he expects the gap between dollar and yen rates to grow on differing rate-increase expectations. Also driving the gap wider is the close later this month of the Fed's asset-purchase program, which has been an additional source of dollar liquidity since last year.

"The dollar-yen is the most sensitive cross to interest-rate movements at the moment," Mr. Forrester said. "We think the market hasn't yet priced in this situation."

Yen Libor on Thursday dropped in London to 0.25063%, its lowest level since mid-2006. At the same time, three-month dollar Libor rose to 0.25219%, moving above the yen Libor for the first time since Aug. 21.

Meeting point

Three-month London interbank offered rate:



Source: Thomson Reuters

Legal Notices

BANKRUPTCIES

Legal Notice

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re
CAPMARK FINANCIAL GROUP INC., *et al.*, Debtors.
Chapter 11
Case No. 09-13684 (CSS)
Jointly Administered

NOTICE OF DEADLINE FOR FILING OF PROOFS OF CLAIM

TO ALL PERSONS AND ENTITIES WITH CLAIMS AGAINST THE ENTITIES LISTED ON EXHIBIT 1:

PLEASE TAKE NOTICE THAT on February 19, 2010, the United States Bankruptcy Court for the District of Delaware (the "Court"), having jurisdiction over the chapter 11 cases of Capmark Financial Group Inc. ("CFGI") and certain of its subsidiaries and affiliates (collectively, the "Debtors"),[1] entered an order (the "Bar Date Order") establishing (a) **April 23, 2010 at 5:00 p.m. (prevailing Eastern Time)** as the deadline by which each person or entity (including individuals, partnerships, corporations, joint ventures, and trusts), other than governmental units, must file proofs of claim (each, a "Proof of Claim" based on prepetition claims against the Debtors (the "General Bar Date"), and (b) the later of **April 23, 2010 at 5:00 p.m. (prevailing Eastern Time)** and the date that is 180 days after the Applicable Commencement Date (as defined below) as the deadline by which any governmental unit (as such term is defined in section 101(27) of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code")) must file Proofs of Claim against the Debtors (the "Government Bar Date," and together with the General Bar Date, the Rejection Bar Date, and the Supplemental Bar Date (each as defined below), the "Bar Dates"). The Bar Date Order, the Bar Dates, as applicable, and the procedures set forth below for the filing of Proofs of Claim, apply to all claims against the Debtors (other than those set forth below as being specifically excluded) that arose prior to the applicable commencement date (the "Applicable Commencement Date"), on which each of the Debtors commenced chapter 11 cases under the Bankruptcy Code (as listed on Exhibit 1, attached hereto).

The Capmark Hotline may be contacted at 646-282-2400 if there are questions with respect to this Notice. The Capmark Hotline is not permitted to provide legal advice to claimants. Unsecured creditors may also use the website of the Official Committee of Unsecured Creditors (the "Committee") available at http://capmarkcommittee.com/ for answers to frequently asked questions and to contact Committee counsel.

A CLAIMANT SHOULD CONSULT AN ATTORNEY IF THE CLAIMANT HAS ANY QUESTIONS, INCLUDING WHETHER SUCH CLAIMANT SHOULD FILE A PROOF OF CLAIM.

1. WHO MUST FILE A PROOF OF CLAIM

You **MUST** file a Proof of Claim to share in the Debtors' estates if you have a claim that arose prior to the Applicable Commencement Date and it is not one of the other types of claims described in section 2 below. Acts or omissions of the Debtors that arose before the Applicable Commencement Date may give rise to claims against the Debtors that must be filed by the applicable Bar Date, notwithstanding that such claims may not have matured or become fixed or liquidated prior to the Applicable Commencement Date.

Under section 101(5) of the Bankruptcy Code and as used herein, the word "claim" means: (a) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) a right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgement, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

2. WHO NEED NOT FILE A PROOF OF CLAIM

You need not file a Proof of Claim if:

(a) your claim is listed on the schedules of assets and liabilities filed by a Debtor (the "Schedules") and (i) your claim is **not** described therein as "disputed," "contingent," or "unliquidated," and (ii) you do **not** dispute the amount or nature of the claim as set forth in the Schedules;
(b) your claim has been paid in full by the Debtors;
(c) you hold an interest in any of the Debtors, which interest is based exclusively upon the ownership of common stock, preferred stock, membership interests, partnership interests, or rights to purchase, sell, or subscribe to such an interest; *provided, however*, that if you are an interest holder and wish to assert claims (as opposed to ownership interests) against any of the Debtors that arise out of or relate to the ownership or purchase of an interest, including claims arising out of or relating to the sale, issuance, or distribution of the interest, you must file Proofs of Claim on or before the applicable Bar Date unless another exception identified herein applies;[2]
(d) you hold a claim that has been allowed by an order of the Court entered on or before the applicable Bar Date;
(e) you hold a claim for which a separate deadline is fixed by this Court;
(f) you hold an administrative expense claim against the Debtors pursuant to section 503(b) of the Bankruptcy Code;
(g) you are a current or former officer or director of the Debtors who assert claims for indemnification and/or contribution arising as a result of such officers' or directors' prepetition or postpetition services to the Debtors;
(h) you hold a claim against the Debtors properly filed **previously** with the Clerk of the Court or with Epiq (utilizing a claim form that substantially conforms to the Proof of Claim Form);
(i) you are a Debtor and hold a claim against another Debtor;
(j) you are any non-debtor subsidiary or affiliate of any Debtor holding a claim against a Debtor;
(k) you are a current employee asserting a claim to the extent that an order of this Court previously authorized the Debtors to honor such claim in the ordinary course as a wage or benefit; *provided, however*, that if you are a current employee you must submit a Proof of Claim by the General Bar Date if your claim relates to damages arising from claims for wrongful termination, discrimination, and/or workers' compensation insurance; and
(l) you are a holder of a claim that is limited exclusively to the repayment of the Secured Bank Debt, Unsecured Bank Debt, or the Note Obligations (each, a "Debt Claim") to the extent the Secured Bank Debt Administrative Agent, the Bridge Loan Administrative Agent, the Unsecured Senior Credit Facility Administrative Agent, or Indenture Trustees, as applicable, timely filed a master Proof of Claim on behalf of all holders of such claims; *provided, however*, that, to the extent you are a holder of a Debt Claim and wish to assert a claim, other than a Debt Claim, arising out of or relating to its Debt Claim, you must file for such claim a Proof of Claim on or before the General Bar Date.

THE FACT THAT YOU HAVE RECEIVED THIS NOTICE DOES NOT MEAN THAT YOU HAVE A CLAIM OR THAT THE DEBTORS OR THE COURT BELIEVE THAT YOU HAVE A CLAIM.

YOU SHOULD NOT FILE A PROOF OF CLAIM IF YOU DO NOT HAVE A CLAIM AGAINST ANY OF THE DEBTORS.

3. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

If the Debtors amend or supplement their Schedules subsequent to the mailing of this Bar Date Notice and related information, the Debtors shall give notice of any amendment or supplement of their Schedules to the holders of the claims affected thereby within ten (10) days of filing any such amendment or supplement. Holders of the claims affected thereby must file Proofs of Claim with respect to such claims by the later of (i) the applicable Bar Date, and (ii) twenty (20) days from the date on which notice is given (the "Supplemental Bar Date").

Any person or entity that holds a claim arising from the rejection of an executory contract or unexpired lease must file a Proof of Claim based on such rejection on or before the later of (i) the date that is thirty (30) days after the entry of an order approving the rejection of the executory contract or unexpired lease or (ii) the General Bar Date (the "Rejection Bar Date").

4. WHEN AND WHERE TO FILE

All **original** Proofs of Claim must be filed so as to be **received on or before the applicable Bar Date at 5:00 p.m. (prevailing Eastern Time)** by first-class mail at the following address:

Capmark Claims Processing Center
c/o Epiq Bankruptcy Solutions, LLC
Grand Central Station, P.O. Box 4613
New York, NY 10163-4613

or, by overnight delivery service or by hand delivery at the following address:

Capmark Claims Processing Center
c/o Epiq Bankruptcy Solutions, LLC
757 Third Avenue, 3rd Floor
New York, NY 10017

Proofs of Claim will be deemed timely filed only if **actually received** by Epiq on or before the applicable Bar Date at 5:00 p.m. (prevailing Eastern Time). Proofs of Claim may **not** be delivered by facsimile, telecopy, or electronic mail transmission.

5. WHAT TO FILE

If you file a Proof of Claim, your filed Proof of Claim must (i) be written in the English language; (ii) denominate the claim in lawful currency of the United States as of the Applicable Commencement Date; (iii) conform substantially with the Proof of Claim Form; (iv) be signed by the claimant or, if the claimant is not an individual, by an authorized agent of the claimant; (v) indicate the particular Debtor against which the claim is asserted; and (vi) include supporting documentation (or, if such documentation is voluminous, include a summary of such documentation) or an explanation as to why such documentation is not available; *provided, however*, that a Proof of Claim may be filed without supporting documentation upon the prior written consent of the Debtors; *provided, further*, that any creditor that received such written consent shall be required to transmit such writings to the Debtors, upon request, no later than ten days from the date of such request.

Holders of all claims must use the Proof of Claim Form. Proof of Claim Forms may be obtained from the Capmark Hotline by calling 646-282-2400, or from Epiq's website: http://chapter11.epiqsystems.com/capmark. Proof of Claim Forms may also be obtained from the Court's website: www.deb.uscourts.gov.

YOU MUST ATTACH TO YOUR COMPLETED PROOF OF CLAIM FORM COPIES OF ANY WRITINGS UPON WHICH YOUR CLAIM IS BASED.

YOU MUST INCLUDE SUPPORTING DOCUMENTATION (OR, IF SUCH DOCUMENTATION IS VOLUMINOUS, INCLUDE A SUMMARY OF SUCH DOCUMENTATION) OR AN EXPLANATION AS TO WHY SUCH DOCUMENTATION IS NOT AVAILABLE. A PROOF OF CLAIM MAY BE FILED WITHOUT SUPPORTING DOCUMENTATION UPON THE PRIOR WRITTEN CONSENT OF THE DEBTORS; *PROVIDED*, THAT, UPON THE DEBTORS' REQUEST, ANY CREDITOR THAT RECEIVED SUCH WRITTEN CONSENT SHALL BE REQUIRED TO TRANSMIT SUCH DOCUMENTATION TO THE DEBTORS NO LATER THAN TEN (10) DAYS FROM THE DATE OF SUCH REQUEST.

IF YOU WISH TO ASSERT A CLAIM AGAINST MORE THAN ONE DEBTOR, YOU MUST FILE A SEPARATE PROOF OF CLAIM IN THE CASE OF EACH DEBTOR AGAINST WHICH YOU BELIEVE YOU HOLD SUCH A CLAIM.

6. CONSEQUENCES OF FAILURE TO FILE A PROOF OF CLAIM BY THE APPLICABLE BAR DATE

Except with respect to claims of the type set forth in section 2 above, pursuant to Bankruptcy Rule 3003(c)(2), unless otherwise ordered by the Court, any entity that is required to file a Proof of Claim in these chapter 11 cases pursuant to the Bankruptcy Code or the Bankruptcy Rules with respect to a particular claim against the Debtors, but that fails to do so by the applicable Bar Date, shall not be treated as a creditor for purposes of voting upon, or receiving distributions under, any chapter 11 plan or plans in these chapter 11 cases in respect of that claim.

7. THE DEBTORS' SCHEDULES AND ACCESS THERETO

You may be listed as the holder of a claim against the Debtors in the Schedules. Copies of the Schedules may be examined by interested parties on the Court's electronic docket for the Debtors' chapter 11 cases, which is available at http://www.deb.uscourts.gov (a PACER login and password are required and can be obtained through the PACER Service Center at http://www.pacer.psc.uscourts.gov). Additionally, electronic copies of the Schedules may be viewed at the Debtors' Claims Agent's website at http://chapter11.epiqsystems.com/capmark. Copies of the Schedules may also be examined by interested parties between the hours of 8:00 a.m. and 4:00 p.m. (prevailing Eastern Time) at the office of the Clerk of the Bankruptcy Court, United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware, 19801.

Dated: February 19, 2010

[1]The Debtors in these chapter 11 cases, along with the last four (4) digits of each Debtor's federal tax identification number, are: Summit Crest Ventures, LLC (5690), Capmark Financial Group Inc. (2188), Capmark Capital Inc. (6496), Capmark Finance Inc. (3444), Commercial Equity Investments, Inc. (4153), Mortgage Investments, LLC (6319), Net Lease Acquisition LLC (9658), SJM Cap, LLC (0862), Capmark Affordable Equity Holdings Inc. (2379), Capmark REO Holding LLC (3951), Paramount Managing Member AMBAC II, LLC (3934), Paramount Managing Member AMBAC III, LLC (3999), Paramount Managing Member AMBAC IV, LLC (0117), Paramount Managing Member AMBAC V, LLC (3366), Paramount Managing Member LLC (0184), Paramount Managing Member II, LLC (7457), Paramount Managing Member III, LLC (0196), Paramount Managing Member IV, LLC (0199), Paramount Managing Member V, LLC (0201), Paramount Managing Member VI, LLC (5857), Paramount Managing Member VII, LLC (5855), Paramount Managing Member VIII, LLC (5854), Paramount Managing Member IX, LLC (5452), Paramount Managing Member XI, LLC (5455), Paramount Managing Member XII, LLC (5457), Paramount Managing Member XVIII, LLC (3087), Paramount Managing Member XIV, LLC (4194), Paramount Managing Member XV, LLC (4192), Paramount Managing Member XVI, LLC (4186), Paramount Northeastern Managing Member, LLC (3086), Capmark Affordable Properties Inc. (3435), Paramount Managing Member XXIII, LLC (4754), Paramount Managing Member XXIV, LLC (3615), Paramount Managing Member 30, LLC (6824), Paramount Managing Member 31, LLC (6826), Paramount Managing Member 33, LLC (6831), Broadway Street California, L.P. (7722), Broadway Street 2001, L.P. (0187), Broadway Street XV, L.P. (7730), Broadway Street XVI, L.P. (7725), Broadway Street XVIII, L.P. (9799), Broadway Street Georgia I, LLC (9740), Capmark Managing Member 4.5 LLC (8979), Capmark Affordable Equity Inc. (2381), and Capmark Investments LP (7999). CFGI's corporate headquarters is located at 116 Welsh Road, Horsham, Pennsylvania, 19044. The addresses for all of the Debtors are available at the following World Wide Web address: http://chapter11.epiqsystems.com/capmark.

[2]The Debtors reserve all rights with respect to any such claims including, *inter alia*, to assert that such claims are subject to subordination pursuant to section 510(b) of the Bankruptcy Code.

EXHIBIT 1

Debtor	Case No.	Commencement Date	General Bar Date	Government Bar Date
Capmark Financial Group Inc.	09-13684	10/25/2009	4/23/2010	4/25/2010
Summit Crest Ventures, LLC	09-13683	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member LLC	09-13685	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member II, LLC	09-13686	10/25/2009	4/23/2010	4/25/2010
Capmark Capital Inc.	09-13687	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member III, LLC	09-13688	10/25/2009	4/23/2010	4/25/2010
Capmark Finance Inc.	09-13689	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member IV, LLC	09-13690	10/25/2009	4/23/2010	4/25/2010
Capmark Affordable Properties Inc.	09-13691	10/25/2009	4/23/2010	4/25/2010
Commercial Equity Investments, Inc.	09-13692	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member V, LLC	09-13693	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member XXIII, LLC	09-13694	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member VI, LLC	09-13695	10/25/2009	4/23/2010	4/25/2010
Mortgage Investments, LLC	09-13696	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member VII, LLC	09-13697	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member XXIV, LLC	09-13698	10/25/2009	4/23/2010	4/25/2010
Net Lease Acquisition LLC	09-13699	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member VIII, LLC	09-13700	10/25/2009	4/23/2010	4/25/2010
SJM Cap, LLC	09-13701	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member IX, LLC	09-13702	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member 30, LLC	09-13703	10/25/2009	4/23/2010	4/25/2010
Capmark Affordable Equity Holdings Inc.	09-13704	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member XI, LLC	09-13705	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member 31, LLC	09-13706	10/25/2009	4/23/2010	4/25/2010
Capmark REO Holding LLC	09-13707	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member XII, LLC	09-13708	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member 33, LLC	09-13709	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member AMBAC II, LLC	09-13710	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member XVIII, LLC	09-13711	10/25/2009	4/23/2010	4/25/2010
Broadway Street California, L.P.	09-13712	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member AMBAC III, LLC	09-13713	10/25/2009	4/23/2010	4/25/2010
Broadway Street 2001, L.P.	09-13714	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member XIV, LLC	09-13715	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member AMBAC IV, LLC	09-13716	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member XV, LLC	09-13717	10/25/2009	4/23/2010	4/25/2010
Broadway Street XV, L.P.	09-13718	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member AMBAC V, LLC	09-13719	10/25/2009	4/23/2010	4/25/2010
Paramount Managing Member XVI, LLC	09-13720	10/25/2009	4/23/2010	4/25/2010
Broadway Street XVI, L.P.	09-13721	10/25/2009	4/23/2010	4/25/2010
Broadway Street XVIII, L.P.	09-13722	10/25/2009	4/23/2010	4/25/2010
Paramount Northeastern Managing Member, LLC	09-13723	10/25/2009	4/23/2010	4/25/2010
Broadway Street Georgia I, LLC	09-13724	10/25/2009	4/23/2010	4/25/2010
Capmark Managing Member 4.5 LLC	09-13725	10/25/2009	4/23/2010	4/25/2010
Capmark Affordable Equity Inc.	09-13726	10/25/2009	4/23/2010	4/25/2010
Capmark Investments LP	10-10124	01/15/2010	4/23/2010	7/14/2010

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Vanke's property sales drop

February figure was hurt by timing of Lunar New Year, Beijing's moves to cool real estate

By Esther Fung

SHANGHAI—**China Vanke** Co.'s property sales fell in February for the first time in 11 months, after the government introduced measures aimed at cooling the real-estate market.

A slowdown in property sales was anticipated, as Beijing's measures to rein in speculative home purchases created uncertainty among home buyers. The moves followed government data showing property prices rose as much as 9.5% in January.

Seasonal factors likely also hurt February sales; the weeklong Lunar New Year holiday was in February this year but fell in January last year.

China's largest property developer by market share said its February property sales totaled 2.51 billion yuan ($367.6 million), down 35% from a year earlier, after sales nearly tripled to 6.26 billion yuan in January.

"The seasonal factors could have had a bigger impact on the transaction volume this time, and while there could be a temporary rebound in March sales, we expect the credit-tightening measures to play a major role to temper the market in the coming months," said Johnson Hu, an analyst at UOB Kayhian.

In terms of floor space, Vanke's property sales totaled 211,000 square meters in February, down 59% from a year earlier, the company said.

Bloomberg News

Pedestrians in Shanghai pass a China Vanke sign last summer. Vanke's February property sales were down 35%.

Property prices in China, especially in the country's more affluent coastal areas, boomed last year after Beijing took measures to support the real-estate market as part of its economic-stimulus package unveiled in November 2008.

Late last year, however, Beijing started to implement credit-tightening moves after record-high property prices raised concerns of an asset bubble and prompted policy makers to shift their priority to managing inflation risks.

The tightening moves included the introduction of a nationwide minimum down payment on land, and the withdrawal of a favorable business-tax policy on the purchase of second homes.

China Vanke said its January-February 2010 property-sales revenue rose 44% to 8.78 billion yuan from the same period last year. In terms of floor space, China Vanke's property sales fell 8.4% to 735,000 square meters in the first two months of this year. The combined figures for January and February remove distortions caused by the Lunar New Year holiday.

Transaction volumes will likely fall 10% in 2010, said Frank Chen, a BNP Paribas analyst. He said property prices are also likely to decline by 10%.

China's government on Friday pledged to rein in soaring real-estate prices.

Another AIG deal hangs in limbo in Taiwan

Continued from first page

ing a former chief executive of Hong Kong's Hang Seng Bank, a unit of **HSBC Holdings** PLC, and an ex-top **Citigroup** Inc. banker in Asia, have extensive experience in financial services.

The other concern, and the one that has become more politicized, is over allegations that the buyers have ties to mainland Chinese interests. Primus and China Strategic have denied this, and AIG said it received "legally binding representations" from them that no mainland Chinese money is being used to fund the deal. Even though Taiwan is soon expected to allow mainland Chinese financial firms to acquire up to 10% of their Taiwanese counterparts, many in Taiwan fear the prospect of China wielding too much power through direct investments in the island's economy.

The buyers, hoping to assuage these concerns, announced plans to sell 30% of Nan Shan to **Chinatrust Financial Holding** Co., a Taiwan banking group whose local ties and experience (Chinatrust sells insurance through its bank branches) filled in some gaps in the consortium's résumé. Instead, regulators were incensed that the buyers were busy striking new deals even before getting a green light for the old one.

Last week, AIG expressed its commitment to the existing Nan Shan deal. But if it doesn't get approved in the next few months, the deal could expire, forcing AIG to decide whether to shop the business to other buyers.

Obviously, that would be bad news for the existing buyers. Nan Shan was a big win for Primus and its founders, among them Chairman and Co-chief Executive Robert Morse. Shares of China Strategic, essentially a shell company funded by Hong Kong tycoons and other investors, closed Friday at 61 Hong Kong cents (just under eight U.S. cents), about five times their level at the start of 2009. That price is down about 25% from after the deal was announced, but if the Nan Shan purchase falls through, the downside is likely to be much greater.

Dragging out a resolution poses risks for AIG. However, getting a good price from other buyers might be a challenge. The most likely candidates would be those that lost out on the bidding last year, including **Fubon Financial** Co. and **Cathay Financial Holding** Co., the No. 1 and No. 2 life insurers in Taiwan by gross premiums.

A new bidder could push for a lower price, potentially costing AIG a few hundred million dollars. Arguably, that doesn't look too bad in the wake of the deal last week to sell off AIG's American International Assurance Ltd., for $35.5 billion to Prudential PLC. But from the perspective of the U.S. taxpayers that bailed out AIG, every hundred million dollars counts.

Fujitsu revises story on executive's departure

Continued from page 21

gy-outsourcing services in the model of International Business Machines Corp.

He decided to sell the company's hard-disk-drive business to rival Toshiba Corp. and abandoned Fujitsu's production of semiconductors by outsourcing to Taiwan Semiconductor Manufacturing Co.

Fujitsu on Saturday shed more light on the events leading up to Mr. Nozoe's resignation. Fujitsu said that, in February 2009, Mr. Nozoe was promoting a project involving a company whose chief executive was someone he was closely associated with for many years. That associate's company, according to Fujitsu, had a parent company with an unfavorable reputation and deemed by Fujitsu as an "inappropriate" company to do business with.

Mr. Nozoe agreed with Fujitsu's board of directors and auditors to exclude his associate's company from working on the Fujitsu project, the statement said. However, Fujitsu said, Mr. Nozoe didn't exclude the company's CEO from the project.

In September, board members confronted Mr. Nozoe about his associate's continued involvement in a Fujitsu project, the statement said. Mr. Nozoe said he didn't take action as agreed upon because he believed his acquaintance could remain independent even though he was known to be an intermediary for the parent company whose reputation was in question, according to Fujitsu.

However, Mr. Nozoe recognized that this decision wasn't acceptable for someone in a president's role and chose to resign, Fujitsu said.

Mr. Nozoe's lawyer said he investigated the background of Mr. Nozoe's associate and found no evidence of connections to organized crime. He resigned because he was pressured to do so since his associate was involved in the sale of shares in a Fujitsu subsidiary, Mr. Hata, the lawyer, said without specifying the unit involved.

The other Fujitsu executives told Mr. Nozoe that Fujitsu could be delisted from the Tokyo Stock Exchange due to regulations forbidding publicly traded companies from having involvement with organized crime, according to his lawyer.

Mr. Nozoe sent a letter to Fujitsu last month taking back his resignation and asking Fujitsu's board to convene and discuss the circumstances around his resignation, his lawyer said.

Mr. Nozoe wants executives to prove his associate's ties to organized crime, Mr. Hata said. Fujitsu said it has responded to Mr. Nozoe, although Mr. Hata says that the reply was vague and that his client is still waiting for a clear response from the company.

Rally fails to stem fear about stocks

Continued from page 21

than in the wake of other recent bear markets, where investors had viewed market declines as a chance to buy cheap stocks that would inevitably rise.

"Typically, investors eventually react to new bull markets with significantly higher new cash flow into equities," according to a study of investor behavior released last week by Vanguard Group. As stocks began to rally from the lows of March 2003, investors added $152 billion to stock funds over the course of the year, the study noted.

Investors say any enthusiasm about the rally is tempered by uncertainty in Washington, on the economy and on housing markets. And with baby boomers closer to retirement, there is less desire to take a chance on U.S. stocks.

"We don't have estate-tax rules, we don't know what's going to happen with income-tax rates and dividend taxes and health care is a very big cost issue," says Neil Hokanson, a Solana Beach, Calif., financial adviser.

For the past two years, Mr. Hokanson has sat down with a small group of long-time clients as a sounding board. Last summer, he says, their focus was on how they could participate in the rally. When they met recently, it was a different story. "They were very, very nervous about the markets and the future of the economy," he says.

"Their instructions to us are 'preserve my capital,'" he says.

Early this year, Deutsche Bank strategist Binky Chadha argued that another solid quarter of earnings could soothe individual investors concerns about U.S. stocks. The market had moved higher after each previous good quarter, and in fact, fourth-quarter earnings far exceeded expectations.

However, Mr. Chadha says, investors were distracted by other events. "We got three negative shocks in relatively quick succession," he says, pointing to the clamping down on bank lending by China, Greece's debt woes and events in Washington.

Some investors are viewing normally volatile emerging markets as something of a haven. "If your assumption is that something in the U.S. is broken then you put your money into something that isn't broken," says Mike Ryan, head of research at UBS Wealth Management Americas. "If you think about the aftermath of the crisis and the many structural problems in the developed world...a lot of the emerging markets are not being plagued with those problems."

Some believe investors will return to U.S. stocks just at the time when interest rates start to rise, typically a weak period for stocks. The logic is that bonds will get hit by rising interest rates and the decision to raise rates will mean the U.S. economy is on solid footing.

"Wider participation in the equity rally...will take a change by the Fed toward a tightening that will drive an asset allocation shift in flows away from fixed-income and into equities," Mr. Chadha says.

But advisers say it seems likely to be slow going before clients feel comfortable with the risks of the U.S. stock market.

MARKETS

CFTC leverage-curb plan draws foes

Dealers say regulators' push to cut limit on borrowing ratio to 10-1 would hurt currency business in U.S.

By Carolyn Cui And Sarah N. Lynch

An attempt by U.S. regulators to protect investors from volatile global currency markets has triggered an uproar among lawmakers, currency dealers and thousands of small traders.

The Commodity Futures Trading Commission has proposed rules that would reduce the amount of borrowed funds that retail investors can use when investing in the U.S. foreign-exchange market to as much as 10-to-1, from the existing 100-to-1 for major currencies.

Under current rules, a customer putting up a security deposit of $1,000 in cash will be able to trade a notional amount of $100,000, a common contract size for currencies such as the dollar and the Japanese yen. The new rule would cap that amount at $10,000.

The rules also would require dealers to abide by new capital and disclosure requirements.

If the rules come into force, investors would be required to either put more capital in their accounts or pare their positions.

Since the proposal was posted on the agency's Web site in mid-January, the CFTC has received an avalanche of comments—more than 6,000 and counting—from individual traders and brokers. By comparison, the Securities and Exchange Commission last year received 4,000 comments to its proposal to restrict short selling.

Lawmakers grilled CFTC Chairman Gary Gensler over the plan at a hearing this past week.

If the rules come into force, investors would have to put up more capital or scale back their positions.

"If our leverage rules are 10-to-1 and leverage rules elsewhere are 100-to-1, the business is going to move elsewhere," House Agriculture committee member Jim Marshall (D., Ga.) said. He said investors could be even less protected if trading moves to a country with lax rules.

In the U.K., the powerhouse of global currency trading, there are no leverage restrictions for retail investors. U.S. laws prescribe uneven oversight for the retail foreign-exchange market, leaving the CFTC able to regulate only businesses under its jurisdiction, such as commodity brokers. U.S. banks and securities brokers that offer retail currency trading wouldn't be covered by the CFTC's regulations.

Mr. Gensler said the intent is to "protect the public" and that the agency is reviewing the comments it has received.

The use of leverage by retail currency investors has long been a cause for concern among regulators. In what is by far the largest global financial market, with average daily turnover of about $3.2 trillion, currencies can move on an array of forces ranging from minor changes in interest-rate expectations to swings in economic data to cross-border corporate takeovers.

Moves in major currencies often are small and the use of leverage can greatly ramp up the potential return, though the risk of being wiped out also is greatly enhanced.

The huge risk-reward potential makes the market a hotbed for scams. From December 2000 through September 2009, more than 26,000 customers received $476 million in restitution in 114 foreign-exchange fraud cases pursued by the CFTC.

"The proposal in its entirety is intended to allow us to get on with our job of protecting customers and ensuring the financial integrity of firms engaging in retail forex transactions," said Bart Chilton, a CFTC commissioner. He said the comments from the public—largely centering on the leverage proposal—have come down on the agency "like a winter blizzard," noting that it was more than at any time in the agency's history.

In recent years, an increasing number of individual investors have joined the hedge funds and Wall Street banks that trade foreign exchange.

"If the rule goes through, firms will close their U.S. offices and move their operations overseas, because they will be put out of business," said Muhammad Rasoul, chief operating officer at GFT, a division of Global Futures & Forex Ltd.

The National Futures Association, which self-regulates the futures industry, already has sought to implement some of the rules in the CFTC's proposal. In 2008 and 2009, the NFA phased in regulations requiring dealers to have substantially higher amounts of capital. Since that time, the number of CFTC-regulated retail foreign-exchange businesses has shrunk to 18 from about 40, as companies consolidated to meet the new standards, an NFA spokesman said.

Bloomberg News

CFTC Chairman Gary Gensler

Todd Lambrix, a currency day trader in Flint, Mich., is one of the many small investors opposing the CFTC plan. Mr. Lambrix has $5,000 in his currency account and often uses 100-to-1 leverage to trade currencies. Three years into trading foreign exchange, he said, he has learned how to control risk by setting enough technical limits that automatically close out trades. Last year, he broke even. "What right do you have to tell me that I can't spend my money on things I choose?" he said.

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Treasury auction faces higher yields

By Deborah Lynn Blumberg

The Treasury market faces auctions this week expected to attract solid demand but, barring any fresh market upheaval, the government will have to pay up to find a home for the securities.

That reflects the current state of the government-bond market, where two countervailing forces are at play: the push of a still-weak economy with high unemployment, Friday's better-than-expected jobs report notwithstanding, and the pull of the large amount of supply the Treasury needs to sell to fund the deficit.

U.S. CREDIT MARKETS

The government already had to pay up in February, when the yields in four of its six auctions came in above market expectations. Those four auctions included the sale of new three-year notes and the reopening of existing 10-year and 30-year issues—the same combination the Treasury is selling this week.

The auctions "will likely cost the Treasury more, and that is a trend worth watching," said Kevin Giddis, head of fixed-income sales, trading and research at Morgan Keegan in Memphis, Tenn. The $74 billion of Treasury sales this week are split between $40 billion of three-year notes, $21 billion of existing 10-year notes and $13 billion of existing 30-year bonds.

It will also sell $26 billion each of three-month and 52-week Treasury bills and $28 billion in six-month Treasury bills this week.

Treasury yields, which move inversely to prices, already pushed higher on Friday after the government said the economy lost fewer jobs than expected in February and the unemployment rate stood pat at 9.7%. But that increase in yields may not be sufficient.

Brian Edmonds, head of interest rates at Cantor Fitzgerald in New York, said 10-year yields in a 3.70% to 3.80% range would surely attract buyers to the auctions, as would 30-year yields in the 4.75% area.

In late trading Friday, the 10-year yield was at 3.682% and the 30-year Treasury was yielding 4.640%.

The 10-year offering faces another challenge as these securities aren't new, but are additions to existing securities.

Foreign central banks—big buyers of 10-year notes—typically prefer new securities, Mr. Edmonds said.

The 30-year offering typically draws few central-bank bids but instead sees more demand from large domestic buyers such as pension funds, which need to balance long-dated liabilities.

In a sign that there is appetite for longer-dated securities among institutional investors, money-management firm **Blackrock** Inc. said last week it has increased its holdings of Treasury securities.

Easing hopes help Tokyo rise for a 4th week

By Colin Ng

HONG KONG—Japanese shares paced gains for Asian markets on Friday as hopes that the Bank of Japan would ease its monetary policy powered shares across sectors.

In Tokyo, Japan's Nikkei Stock Average of 225 companies advanced 2.2% to 10368.96, for a weekly 2.4% gain, its fourth straight weekly advance.

ASIAN-PACIFIC STOCKS

The Nikkei newspaper reported that the central bank will likely consider more monetary easing through April, including the expansion of fund-provision measures introduced in December.

"The possibility is high that the BOJ will take an additional easing step by expanding a duration of loans to six month or one year under the new lending facility, if the yen appreciates further, although we cannot expect much effects from the move on combating deflation," said Yasunari Ueno, chief market economist at Mizuho Securities.

If the central bank eases further, it "will have a healing effect on the economy as a whole," said Nikko Cordial Securities equity general manager Hiroichi Nishi.

Canon gained 3.3%, real estate major **Mitsui Fudosan** rose 2.7%, **Fast Retailing** added 3.8%, **Hitachi Construction Machinery** climbed 3.9% and **Mizuho Financial Group** advanced 1.7%.

Sony climbed 3.4%, buoyed by news the company was developing a new lineup of hand-held products, including a smart phone capable of downloading and playing PlayStation games, according to people familiar with the matter.

Chinese shares in Shanghai and Hong Kong ended higher after Premier Wen Jiabao said the government will maintain its "moderately" loose policies and set an 8% economic growth target for this year.

Hong Kong's Hang Seng Index rose 1% to 20787.97, rising 0.9% for the week, while China's Shanghai Composite edged up 0.3% to 3031.07 but finished the week lower by 0.7%.

The Hang Seng is up two weeks in a row, but the Shanghai index has fallen for four of the past six weeks.

—Wei-Zhe Tan and V. Phani Kumar contributed to this article.

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NS	**JF Indonesia**	JF Asset Management Limited (HK)	USD	Hong Kong	**1.60**	179.75	-1.37	NS
NS	**Pru IOF Indonesia Equity D**	Prudential Asset Mgmnt (Singapore) Ltd	USD	Luxembrg	**1.53**	178.36	2.55	NS
NS	**FF - Indonesia A USD**	Fidelity (FIL (Luxembourg) S.A.)	USD	Luxembrg	**3.61**	169.52	6.63	19.51
NS	**Aberdeen SP Indonesia Eq SGD**	Aberdeen Asset Management Asia Limited	SGD	Singapore	**3.23**	138.58	10.38	21.14
NS	**Pyn Elite**	Pyn Rahastoyhtiö Oy	EUR	Finland	**4.04**	129.78	-4.94	5.14
NS	**Dresdner RCM New Tiger-Thailand**	Allianz RCM Global Investment Asia	USD	Hong Kong	**2.32**	118.27	-6.17	3.33
NS	**JF Thailand**	JF Asset Management Limited (HK)	USD	Hong Kong	**1.19**	113.77	-5.73	9.94
NS	**Pru IOF Vietnam Equity J**	Prudential Asset Mgmnt (Singapore) Ltd	USD	Luxembrg	**0.59**	110.52	-7.73	NS
5	**Pru IOF Dragon Peacock**	Prudential Asset Mgmnt (Singapore) Ltd	USD	Luxembrg	**-2.50**	108.27	0.80	NS

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NA-not available due to incomplete data;
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Am Eq Blend A	OT	OT	LUX	03/04	USD	10.45	0.8	59.1	-9.3
Am Eq Blend B	US	EQ	LUX	03/04	USD	9.80	0.5	57.6	-10.2
Am Growth A	US	EQ	LUX	03/04	USD	30.88	-1.2	53.4	0.1
Am Growth AX	US	EQ	LUX	03/04	USD	33.36	-1.1	54.3	0.7
Am Growth B	US	EQ	LUX	03/04	USD	25.92	-1.3	51.9	-0.9
Am Growth C	US	EQ	LUX	03/04	USD	27.92	-1.2	52.7	-0.2
Am Growth I	US	EQ	LUX	03/04	USD	34.27	-1.0	54.6	0.9
Am Income A	US	BD	LUX	03/04	USD	8.53	2.2	31.4	6.9
Am Income A2	US	BD	LUX	03/04	USD	19.46	2.2	31.3	6.9
Am Income A2	OT	OT	NA	03/04	HKD	151.07	2.2	31.3	6.9
Am Income AT	OT	OT	NA	03/04	HKD	66.07	2.2	31.3	6.9
Am Income AT	US	BD	LUX	03/04	USD	8.51	2.2	31.3	6.9
Am Income B	US	BD	LUX	03/04	USD	8.53	2.0	30.4	6.1
Am Income B2	US	BD	LUX	03/04	USD	16.75	2.1	30.5	6.2
Am Income B2	OT	OT	NA	03/04	HKD	130.04	2.1	30.5	6.2
Am Income BT	OT	OT	NA	03/04	HKD	66.45	2.0	30.5	6.2
Am Income BT	US	BD	LUX	03/04	USD	8.56	2.0	30.5	6.2
Am Income C	US	BD	LUX	03/04	USD	8.53	2.1	30.7	6.4
Am Income C2	US	BD	LUX	03/04	USD	24.92	2.1	30.7	6.4
Am Income I	US	BD	LUX	03/04	USD	8.53	2.3	32.2	7.6
Am Value A	US	EQ	LUX	03/04	USD	8.65	1.4	48.4	-8.6
Am Value B	US	EQ	LUX	03/04	USD	7.95	1.3	47.0	-9.5
Am Value C	US	EQ	LUX	03/04	USD	8.64	1.3	47.7	-9.0
Am Value I	US	EQ	LUX	03/04	USD	9.32	1.5	49.6	-7.9
Emg Mkts Debt A	GL	BD	LUX	03/04	USD	15.77	2.5	49.9	9.0
Emg Mkts Debt A2	GL	BD	LUX	03/04	USD	20.60	2.4	49.9	9.0
Emg Mkts Debt AT	GL	BD	LUX	03/04	USD	15.82	2.5	50.1	9.1
Emg Mkts Debt B	GL	BD	LUX	03/04	USD	15.77	2.3	48.5	8.0
Emg Mkts Debt B2	GL	BD	LUX	03/04	USD	19.81	2.3	48.5	7.9
Emg Mkts Debt BT	GL	BD	LUX	03/04	USD	15.80	2.4	48.5	8.0
Emg Mkts Debt C	GL	BD	LUX	03/04	USD	15.77	2.4	49.2	8.5
Emg Mkts Debt C2	GL	BD	LUX	03/04	USD	20.23	2.4	49.2	8.5
Emg Mkts Debt I	GL	BD	LUX	03/04	USD	15.77	2.5	50.6	9.6
Emg Mkts Growth A	GL	EQ	LUX	03/04	USD	33.47	-3.4	86.9	-11.4
Emg Mkts Growth B	GL	EQ	LUX	03/04	USD	28.32	-3.6	85.0	-12.3
Emg Mkts Growth C	GL	EQ	LUX	03/04	USD	28.99	-3.5	86.1	-11.8
Emg Mkts Growth I	GL	EQ	LUX	03/04	USD	37.15	-3.3	88.3	-10.7
Eur Growth A	OT	OT	LUX	03/04	USD	9.61	0.7	41.6	-11.6
Eur Growth A	OT	OT	LUX	03/04	EUR	7.08	0.7	41.6	-11.6
Eur Growth B	OT	OT	LUX	03/04	EUR	6.35	0.5	40.2	-12.5
Eur Growth B	OT	OT	LUX	03/04	USD	8.62	0.5	40.2	-12.5
Eur Growth C	EU	EQ	LUX	03/04	EUR	5.36	0.6	41.1	-12.0
Eur Growth I	OT	OT	LUX	03/04	USD	10.48	0.7	42.4	-11.0
Eur Growth I	OT	OT	LUX	03/04	EUR	7.72	0.7	42.4	-11.0
Eur Income A	OT	OT	LUX	03/04	EUR	6.74	3.1	51.4	7.1
Eur Income A	OT	OT	LUX	03/04	USD	9.15	3.1	51.4	7.1
Eur Income A2	OT	OT	LUX	03/04	EUR	13.28	3.2	51.6	7.1
Eur Income A2	OT	OT	LUX	03/04	USD	18.02	3.2	51.6	7.1
Eur Income AT	EU	BD	LUX	03/04	EUR	6.73	3.3	51.5	7.2
Eur Income B	OT	OT	LUX	03/04	EUR	6.74	3.0	50.5	6.4
Eur Income B	OT	OT	LUX	03/04	USD	9.15	3.0	50.5	6.4
Eur Income B2	OT	OT	LUX	03/04	EUR	12.34	3.1	50.5	6.4
Eur Income B2	OT	OT	LUX	03/04	USD	16.75	3.1	50.5	6.4
Eur Income BT	EU	BD	LUX	03/04	EUR	6.73	3.0	50.3	6.4
Eur Income C	OT	OT	LUX	03/04	EUR	6.74	3.0	50.8	6.7
Eur Income C	OT	OT	LUX	03/04	USD	9.15	3.0	50.8	6.7
Eur Income C2	OT	OT	LUX	03/04	EUR	13.23	3.1	50.9	6.7
Eur Income C2	OT	OT	LUX	03/04	USD	17.96	3.1	50.9	6.7
Eur Income I	OT	OT	LUX	03/04	EUR	6.74	3.2	52.1	7.7
Eur Income I	OT	OT	LUX	03/04	USD	9.15	3.2	52.1	7.7
Eur Strat Value A	OT	OT	LUX	03/04	EUR	8.49	-0.5	49.7	-15.4
Eur Strat Value A	OT	OT	LUX	03/04	USD	11.52	-0.5	49.7	-15.4
Eur Strat Value I	OT	OT	LUX	03/04	EUR	8.71	-0.3	51.2	-14.6
Eur Strat Value I	OT	OT	LUX	03/04	USD	11.82	-0.3	51.2	-14.6
Eur Value A	OT	OT	LUX	03/04	EUR	9.13	-0.8	53.4	-11.7
Eur Value A	OT	OT	LUX	03/04	USD	12.39	-0.8	53.4	-11.7
Eur Value B	OT	OT	LUX	03/04	USD	11.37	-0.9	51.8	-12.6
Eur Value B	OT	OT	LUX	03/04	EUR	8.38	-0.9	51.8	-12.6
Eur Value C	OT	OT	LUX	03/04	USD	11.97	-0.8	52.6	-12.2
Eur Value C	OT	OT	LUX	03/04	EUR	8.82	-0.8	52.6	-12.2
Eur Value I	OT	OT	LUX	03/04	USD	14.32	-0.7	54.5	-11.1
Eur Value I	OT	OT	LUX	03/04	EUR	10.55	-0.7	54.5	-11.1
Gl Balanced (Euro) A	OT	OT	LUX	03/04	USD	15.76	1.2	37.4	-7.2
Gl Balanced (Euro) B	OT	OT	LUX	03/04	USD	15.32	1.1	36.0	-8.1
Gl Balanced (Euro) C	OT	OT	LUX	03/04	USD	15.62	1.1	37.0	-7.5
Gl Balanced (Euro) I	OT	OT	LUX	03/04	USD	16.07	1.4	NS	NS
Gl Balanced A	US	BA	LUX	03/04	USD	16.38	-0.6	42.1	-8.0
Gl Balanced B	US	BA	LUX	03/04	USD	15.55	-0.8	40.7	-8.9
Gl Balanced C	OT	OT	LUX	03/04	USD	16.13	-0.7	41.6	-8.3
Gl Balanced C	OT	OT	LUX	03/04	EUR	11.88	-0.7	41.6	-8.3
Gl Balanced I	US	BA	LUX	03/04	USD	17.01	-0.5	43.1	-7.4
Gl Bond A	US	BD	LUX	03/04	USD	9.38	2.2	18.3	5.0
Gl Bond A2	US	BD	LUX	03/04	USD	16.37	2.2	18.3	5.0
Gl Bond A2	OT	OT	NA	03/04	HKD	127.09	2.2	18.3	5.0
Gl Bond AT	OT	OT	LUX	03/04	HKD	72.74	2.3	18.3	5.1
Gl Bond AT	US	BD	LUX	03/04	USD	9.37	2.3	18.3	5.1
Gl Bond B	US	BD	LUX	03/04	USD	9.38	2.0	17.1	4.0
Gl Bond B2	US	BD	LUX	03/04	USD	14.31	2.1	17.0	4.0
Gl Bond B2	OT	OT	NA	03/04	HKD	111.09	2.1	17.0	4.0
Gl Bond BT	OT	OT	LUX	03/04	HKD	72.98	2.0	17.0	4.0
Gl Bond BT	US	BD	LUX	03/04	USD	9.40	2.0	17.0	4.0
Gl Bond C	US	BD	LUX	03/04	USD	9.38	2.1	17.7	4.6
Gl Bond C2	US	BD	LUX	03/04	USD	14.19	2.2	17.7	4.6
Gl Bond I	US	BD	LUX	03/04	USD	9.38	2.3	18.9	5.6
Gl Conservative A	US	BA	LUX	03/04	USD	14.86	0.4	25.5	-2.5
Gl Conservative A2	US	BA	LUX	03/04	USD	17.00	0.4	25.6	-2.5
Gl Conservative B	US	BA	LUX	03/04	USD	14.86	0.2	24.3	-3.5
Gl Conservative B2	US	BA	LUX	03/04	USD	16.12	0.2	24.2	-3.5
Gl Conservative C	US	BA	LUX	03/04	USD	14.85	0.3	24.9	-3.0
Gl Conservative C2	US	BA	LUX	03/04	USD	16.61	0.3	24.9	-3.0
Gl Conservative I	US	BA	LUX	03/04	USD	14.93	0.6	26.6	-1.6
Gl Eq Blend A	GL	EQ	LUX	03/04	USD	11.36	-2.6	59.1	-17.4
Gl Eq Blend B	GL	EQ	LUX	03/04	USD	10.65	-2.7	57.8	-18.2
Gl Eq Blend C	GL	EQ	LUX	03/04	USD	11.15	-2.7	58.4	-17.8
Gl Eq Blend I	GL	EQ	LUX	03/04	USD	12.00	-2.4	60.4	-16.7
Gl Growth A	GL	EQ	LUX	03/04	USD	41.07	-2.0	52.7	-17.9
Gl Growth B	GL	EQ	LUX	03/04	USD	34.23	-2.1	51.2	-18.7
Gl Growth C	GL	EQ	LUX	03/04	USD	39.38	-2.1	52.0	-18.2
Gl Growth I	GL	EQ	LUX	03/04	USD	45.67	-1.8	53.9	-17.2
Gl High Yield A	US	BD	LUX	03/04	USD	4.40	3.0	67.9	7.3
Gl High Yield A2	US	BD	LUX	03/04	USD	9.53	2.9	67.8	7.2
Gl High Yield A2	OT	OT	NA	03/04	HKD	73.98	2.9	67.8	7.2
Gl High Yield AT	OT	OT	NA	03/04	HKD	33.77	3.0	67.7	7.2
Gl High Yield AT	US	BD	LUX	03/04	USD	4.35	3.0	67.7	7.2
Gl High Yield B	US	BD	LUX	03/04	USD	4.40	2.8	65.9	6.0
Gl High Yield B2	US	BD	LUX	03/04	USD	15.30	2.8	66.1	6.1
Gl High Yield B2	OT	OT	NA	03/04	HKD	118.78	2.8	66.1	6.1
Gl High Yield BT	OT	OT	NA	03/04	HKD	34.39	2.8	66.3	6.2
Gl High Yield BT	US	BD	LUX	03/04	USD	4.43	2.8	66.3	6.2
Gl High Yield C	US	BD	LUX	03/04	USD	4.40	2.9	67.0	6.8
Gl High Yield C2	US	BD	LUX	03/04	USD	14.12	2.9	66.9	6.8
Gl High Yield I	US	BD	LUX	03/04	USD	4.40	3.1	69.0	8.1
Gl Thematic Res. A	OT	OT	LUX	03/04	USD	14.59	-1.0	80.8	-0.2
Gl Thematic Res. B	OT	OT	LUX	03/04	USD	12.74	-1.2	78.9	-1.2
Gl Thematic Res. I	OT	OT	LUX	03/04	USD	16.29	-0.9	82.2	0.6
Gl Value A	GL	EQ	LUX	03/04	USD	10.79	-3.1	66.3	-16.9
Gl Value B	GL	EQ	LUX	03/04	USD	9.90	-3.3	64.7	-17.7
Gl Value C	GL	EQ	LUX	03/04	USD	10.48	-3.2	65.6	-17.3
Gl Value I	GL	EQ	LUX	03/04	USD	11.49	-3.0	67.5	-16.2
Greater China A	AS	EQ	LUX	03/04	USD	37.91	-5.3	61.0	-10.5
Greater China B	AS	EQ	LUX	03/04	USD	33.49	-5.4	59.3	-11.4
Greater China C	AS	EQ	LUX	03/04	USD	37.40	-5.4	60.2	-10.9
India Growth A	OT	OT	LUX	03/04	USD	127.95	0.8	NS	NS
India Growth AX	OT	OT	LUX	03/04	USD	111.90	0.9	111.8	-3.5
India Growth B	OT	OT	LUX	03/04	USD	133.81	0.6	NS	NS
India Growth BX	OT	OT	LUX	03/04	USD	95.48	0.7	109.6	-4.5
India Growth I	EA	EQ	LUX	03/04	USD	116.06	1.0	112.7	-3.2
Int'l Health Care A	OT	EQ	LUX	03/04	USD	141.77	3.1	40.6	-4.0
Int'l Health Care B	OT	EQ	LUX	03/04	USD	119.38	3.0	39.2	-5.0
Int'l Health Care C	OT	EQ	LUX	03/04	USD	135.77	3.1	40.0	-4.4
Int'l Health Care I	OT	EQ	LUX	03/04	USD	155.12	3.3	41.8	-3.2
Int'l Technology A	OT	EQ	LUX	03/04	USD	107.31	-2.8	64.5	-4.2
Int'l Technology B	OT	EQ	LUX	03/04	USD	92.82	-2.9	62.8	-5.2
Int'l Technology C	OT	EQ	LUX	03/04	USD	103.62	-2.8	63.7	-4.6
Int'l Technology I	OT	EQ	LUX	03/04	USD	120.49	-2.6	65.8	-3.4
Japan Eq Blend A	JP	EQ	LUX	03/04	JPY	5876.00	-2.5	30.8	-16.9
Japan Eq Blend B	JP	EQ	LUX	03/04	JPY	5660.00	-2.6	29.5	-17.7
Japan Eq Blend C	JP	EQ	LUX	03/04	JPY	5777.00	-2.5	30.2	-17.2
Japan Growth A	JP	EQ	LUX	03/04	JPY	5588.00	-4.9	19.2	-18.3
Japan Growth B	JP	EQ	LUX	03/04	JPY	5383.00	-5.0	18.0	-19.1
Japan Growth C	JP	EQ	LUX	03/04	JPY	5495.00	-4.9	18.7	-18.7
Japan Strat Value A	JP	EQ	LUX	03/04	JPY	6130.00	0.2	42.7	-15.7
Japan Strat Value B	JP	EQ	LUX	03/04	JPY	5911.00	0.0	41.3	-16.6
Japan Strat Value C	JP	EQ	LUX	03/04	JPY	6022.00	0.1	42.0	-16.1
Real Estate Sec. A	OT	EQ	LUX	03/04	USD	14.14	-1.5	86.1	-11.6
Real Estate Sec. B	OT	EQ	LUX	03/04	USD	12.90	-1.7	84.3	-12.5
Real Estate Sec. I	OT	EQ	LUX	03/04	USD	15.21	-1.4	87.5	-10.9
Short Mat Dollar A	US	BD	LUX	03/04	USD	7.28	0.7	15.2	-3.1
Short Mat Dollar A2	US	BD	LUX	03/04	USD	9.87	0.8	15.2	-3.1
Short Mat Dollar AT	US	BD	LUX	03/04	USD	7.27	0.9	15.4	-3.1
Short Mat Dollar B	US	BD	LUX	03/04	USD	7.28	0.7	14.7	-3.5
Short Mat Dollar B2	US	BD	LUX	03/04	USD	9.81	0.7	14.7	-3.6
Short Mat Dollar BT	OT	OT	LUX	03/04	USD	7.28	0.7	NS	-3.9
Short Mat Dollar C	US	BD	LUX	03/04	USD	7.28	0.7	14.7	-3.5
Short Mat Dollar C2	US	BD	LUX	03/04	USD	13.88	0.8	14.8	-3.5
Short Mat Dollar I	US	BD	LUX	03/04	USD	7.28	0.8	15.8	-2.6

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Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
CPS-Master Priv Fund	GL	OT	WSM	03/03	USD	106.06	6.1	28.9	22.7

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Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	12/31	USD	93.12	24.4	24.4	-8.6
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	12/31	SEK	617.36	13.2	13.2	-16.2
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	12/31	USD	60.07	NS	NS	-29.4

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Superfund Cayman*	OT	OT	CYM	03/02	USD	36.86	-9.6	-57.1	-21.6
Superfund GCT USD*	GL	EQ	LUX	03/02	USD	2015.00	-8.2	-45.9	-16.0
Superfund Green Gold A (SPC)	OT	OT	CYM	03/02	USD	945.02	-2.0	-24.1	-9.3
Superfund Green Gold B (SPC)	OT	OT	CYM	03/02	USD	887.44	-5.2	-39.0	-16.7
Superfund Q-AG*	OT	OT	AUT	03/02	EUR	6312.00	-4.7	-29.0	-6.5

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Winton Evolution EUR Cls H	OT	OT	CYM	02/26	EUR	948.03	0.3	-6.0	NS
Winton Evolution GBP Cls G	OT	OT	CYM	02/26	GBP	955.79	0.7	-5.2	NS
Winton Evolution USD Cls F	OT	OT	CYM	02/26	USD	1203.51	0.4	-5.9	-0.4
Winton Futures EUR Cls C	OT	OT	VGB	02/26	EUR	196.05	-0.4	-5.7	1.6
Winton Futures GBP Cls D	OT	OT	VGB	02/26	GBP	212.23	-0.3	-5.2	2.4
Winton Futures JPY Cls E	OT	OT	VGB	02/26	JPY	13978.70	0.7	-5.5	-0.1
Winton Futures USD Cls B	OT	OT	VGB	02/26	USD	696.84	-0.4	-5.7	1.3

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Concentra AE	EU	EQ	DEU	03/05	EUR	50.84	-1.9	64.2	-4.1
Industria AE	EU	EQ	DEU	03/05	EUR	71.65	1.2	49.9	-10.7
InternRent AE	EU	BD	DEU	03/05	EUR	37.68	7.0	6.3	11.3

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
CAM-GTF Limited	AS	EQ	MUS	02/26	USD	291543.70	6.2	132.5	11.4

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INTERNATIONAL INVESTOR

Euro may get lift from U.S. jobs data

By Karen Johnson

The dollar is expected to advance against the yen but struggle against the euro this week after encouraging U.S. jobs data renewed investors' confidence in the global economic recovery.

The main beneficiaries of the more positive outlook for growth are likely to be higher-yielding currencies such as the Australian and New Zealand dollar, which already Friday posted solid gains as investors, emboldened by the better-than-expected reading on the U.S. labor market, returned in strength to growth-sensitive assets.

CURRENCY MARKETS

The euro could also benefit—at least against the dollar and the yen—though much will depend on further developments in Greece, with investors still concerned over the debt-laden nation's ability to significantly shrink its budget deficit as demanded by the European Union.

The yen, the classic refuge in times of trouble, is set to decline further against the dollar.

"I think the [U.S.] dollar is going to stay pretty heavy against the euro," said Daniel Katzive, foreign-exchange strategist at Credit Suisse in New York. But against the yen, after the jobs report, "it's going to be pretty well supported," he said.

With prospects looking better for global recovery but the U.S. data calendar light this week, attention will continue to focus on the resolution of Greece's fiscal woes. Analysts see the euro moving between $1.35 and $1.37, while the dollar holds between 89 yen and 92 yen.

Late Friday, the euro was at $1.3622 from $1.3591 late Thursday in New York. The dollar was at 90.35 yen from 89.12 yen, while the euro was at 123.08 yen from 121.12 yen. The U.K. pound was at $1.5145 from $1.5039. The dollar was at 1.0742 Swiss francs from 1.0763 francs.

In an announcement sure to leave some unclear about Greece's financial future, German Chancellor Angela Merkel said in Berlin on Friday that Greece won't need help from Germany or other euro-zone countries.

Investors will be looking for more clarity from Greek Prime Minister George Papandreou when he visits Washington this week.

Any news that casts doubt on the implementation of austerity measures or other difficulties in bringing Greek government spending under control is likely to weigh on the euro. But with regulators making particularly harsh comments about the role that speculative investors have played in Greece's debt problems, negative bets on the euro have been scaled back as of Tuesday, after setting record highs for four weeks in a row.

Japan yields fall on reports of BOJ's plans

By Andrew Monahan

TOKYO—The yield on the benchmark Japanese government bond fell Friday on reports that the Bank of Japan may soon pump more money into the financial system, some of which could flow into government bonds, buoying prices.

The local dailies the Nikkei and the Yomiuri reported that the central bank will likely consider further monetary easing at its meeting later this month. The Nikkei said the central bank may decide on possible steps by the end of April.

BOND MARKETS

But some market participants said the buying may have been overdone. The impact of any Bank of Japan easing could be muted, they said, if it merely extends current programs, limiting the actual increase in liquidity.

The 10-year yield fell 0.20 percentage point to 1.305%.

Analysts said Friday's reports highlighted the possibility that the Bank of Japan could give in to government pressure to do more to fight deflation and the yen's strength. Atsushi Ito, strategist at Morgan Stanley, said the most likely scenario for further easing would be an extension of the program's maturity from three to six months. Such a move wouldn't support government bonds as strongly as would any increase in the central bank's outright purchases of the debt.

Oil-tanker companies expect market rebound

By Claire Rangel

Oil-tanker companies, after posting heavy losses in the fourth quarter, are more optimistic for 2010 as the economic recovery is expected to stimulate oil consumption and boost shipping volumes.

Most publicly traded tanker companies, such as **Overseas Shipholding Group** Inc. and **General Maritime** Corp., lost money in the last three months of 2009 as tanker voyage earnings crumpled on reduced demand for shipping. Refiners were faced with huge oil stockpiles amid weak fuel consumption as the recession dragged on, reducing the need for seaborne imports. Tanker market conditions are expected to improve, since an economic rebound should boost fuel consumption. Fleet growth is likely to be crimped by the phaseout of older, single-hull tankers and an expected delay in the delivery of new tankers.

COMMODITY MARKETS

"I'm celebrating that 2009 is behind us; last year was one of the most challenging of my 30-year career," Morten Arntzen, chief executive of Overseas Shipholding, said in a conference call. The company posted a loss of $23.2 million for the fourth quarter, with voyage revenue falling 41% from a year earlier.

The shipping market is expected to benefit from rising long-haul trade this year as developing countries, such as China and India, increase oil imports from Latin America and West Africa.

A reduction in global oil inventories should also give a boost to the tanker market. Such a drawdown in stocks could lead the Organization of Petroleum Exporting Countries to ship more oil, Jeffrey Pribor, chief financial officer of General Maritime, said on a conference call after his company posted a loss for the fourth quarter. He added that a recovery will also be dependent on a rebound in U.S. oil demand.

Last year's record-high flood of new tankers into the market that drove down rates is expected to abate. Estimates from tanker companies show the global oil-tanker fleet grew by a record 6.6% last year, but Norway-based **Frontline** Ltd. sees the fleet of very large crude carriers moderating this year.

With the phaseout of single-hull tankers to meet environmental rules and the likely cancellation and deferral of new ship deliveries, "we could have negative fleet growth for the year," Jens Martin Jensen, chief financial officer of Frontline, said on a recent conference call. Frontline was one of the few tanker companies to eke out a gain in the fourth quarter, reporting a $3.9 million profit compared with a $51.6 million profit a year earlier.

Tanker companies say consolidation in the tanker sector is possible as the economy improves. Frontline is "looking at everything: buying ships or chartering in, looking for new ideas and deals like everyone else out there," Mr. Jensen said.

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GAM Arbitrage Op	OT	OT	VGB	02/26	USD	1295.10	4.2	28.1	-5.8
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	03/01	JPY	14055.34	-9.5	65.5	0.3
GAM Asia Equity Hedge US	OT	OT	VGB	03/01	USD	262.69	-9.5	66.3	1.5
GAM Asia Equity USD	OT	OT	VGB	03/04	USD	618.64	-5.4	78.4	-9.8
GAM Asia-Pacific Eq USD	OT	OT	VGB	03/02	USD	1288.55	0.4	46.4	-12.9
GAM Com Glb Bal EUR Op	US	BA	VGB	02/26	EUR	96.23	-0.6	22.8	-7.5
GAM Com Glb Bal USD Op	US	BA	VGB	02/26	USD	127.05	-0.6	22.8	-7.5
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	02/26	EUR	98.45	-2.0	36.5	-13.2
GAM Comp Glb Eq USD Op	GL	EQ	VGB	02/26	USD	124.92	-2.0	36.5	-13.2
GAM Comp Glb Gr EUR Op	US	BA	VGB	02/26	EUR	87.09	-1.7	25.7	-11.2
GAM Comp Glb Gr USD Op	US	BA	VGB	02/26	USD	124.96	-1.7	25.7	-11.2
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	02/26	USD	245.05	-1.4	50.8	-7.8
GAM Cross Trading Inc	OT	OT	VGB	02/26	USD	460.25	-1.2	3.0	1.5
GAM Diversity CHF Op	OT	OT	VGB	02/26	CHF	93.96	-0.4	3.2	-6.2
GAM Diversity EUR Op	OT	OT	VGB	02/26	EUR	646.71	-0.3	3.8	-4.7
GAM Diversity USD 2.5XL	OT	OT	VGB	02/26	USD	77.49	-1.0	6.9	-17.8
GAM Diversity USD Op	OT	OT	VGB	02/26	USD	679.15	-0.3	3.9	-5.3
GAM Dvrsty II CHF Op	OT	OT	VGB	02/26	CHF	99.14	-0.4	2.6	-5.8
GAM Dvrsty II EUR Op	OT	OT	VGB	02/26	EUR	138.37	-0.3	2.9	-4.8
GAM Dvrsty II USD Op	OT	OT	VGB	02/26	USD	209.57	-0.3	3.2	-5.1
GAM DvrstyIII EUR Op	OT	OT	VGB	02/26	EUR	115.18	-0.3	2.9	-5.0
GAM DvrstyIII USD Op	OT	OT	VGB	02/26	USD	121.64	-0.3	3.1	-5.1
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	03/01	EUR	219.63	0.4	14.9	-1.8
GAM Euro Eq Hdg USD Op	OT	OT	VGB	03/01	USD	203.83	0.2	16.0	-0.9
GAM European Equity USD	OT	OT	VGB	03/03	USD	277.43	-5.4	57.0	-11.4
GAM GAMCO	OT	EQ	VGB	03/02	USD	834.20	2.9	67.3	-7.4
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	03/01	EUR	96.97	-0.9	12.5	-16.1
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	03/01	USD	102.42	-0.7	13.3	-15.3
GAM Gbl Divers USD Inc.	GL	EQ	VGB	03/01	USD	249.66	-0.1	44.7	-5.5
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	03/01	USD	260.39	-9.2	100.9	19.3
GAM Intrst Trend II	GL	BD	VGB	02/26	USD	105.18	11.7	78.5	-1.9
GAM Intrst Trend Inc	OT	OT	VGB	02/26	USD	280.08	11.4	96.6	-0.5
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	03/01	EUR	123.08	5.5	23.2	-0.9
GAM Japan Eq Hdg USD Op	OT	OT	VGB	03/01	USD	125.87	3.1	22.3	-14.6
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	03/01	JPY	8666.73	3.1	23.2	-13.6
GAM Japan USD	JP	EQ	VGB	03/04	USD	1133.21	2.8	41.0	-11.4
GAM Japan YEN	JP	EQ	VGB	03/04	JPY	8913.09	1.0	34.3	-15.9
GAM Money Mkt EuroOp	EU	MM	VGB	03/03	EUR	51.16	0.7	0.8	1.7
GAM Money Mkt USD	US	MM	VGB	03/03	USD	100.07	0.2	0.1	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	02/26	EUR	112.52	1.2	1.4	-8.1
GAM Multi-Arb USD Op	OT	OT	VGB	02/26	USD	117.40	1.2	1.6	-8.4
GAM Multi-China EUR Op	OT	OT	VGB	02/26	EUR	160.32	-4.6	NS	-6.5
GAM Multi-China USD Op	OT	OT	VGB	02/26	USD	168.97	-4.3	8.1	-7.1
GAM Multi-Emer Mkts GBP	OT	OT	VGB	02/26	GBP	128.51	-2.3	23.0	-2.1
GAM Multi-Emer Mkts USD	OT	OT	VGB	02/26	USD	636.36	-2.2	23.2	-2.5
GAM Multi-Eur EUR Op	OT	OT	VGB	02/26	EUR	264.14	-1.7	3.5	-6.4
GAM Multi-Eur II EUR Op	OT	OT	VGB	02/26	EUR	135.91	-1.7	3.4	-6.5
GAM Multi-Eur II USD Op	OT	OT	VGB	02/26	USD	111.17	-1.7	3.4	-7.5
GAM Multi-Eur USD Op	OT	OT	VGB	02/26	USD	459.73	-1.7	3.3	-7.4
GAM Multi-Nth Am EUR Special	OT	OT	VGB	02/26	EUR	133.40	-0.4	8.8	-1.9
GAM Multi-Nth Am USD Special	OT	OT	VGB	02/26	USD	217.04	-0.5	9.0	-2.1
GAM Multi-Pac EUR Op	GL	EQ	VGB	02/26	EUR	139.32	-2.8	0.9	-3.7
GAM Multi-Pac USD Op	OT	OT	VGB	02/26	USD	160.94	-2.7	1.6	-4.0
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	02/26	USD	2697.91	2.3	68.6	13.1
GAM Sing/Malaysia	AS	EQ	VGB	03/04	USD	2437.57	-3.5	69.5	-6.4
GAM Sterling Spe Bd Inc	OT	OT	VGB	03/01	GBP	238.99	3.9	52.8	6.6
GAM Trading EUR Inc	OT	OT	VGB	02/26	EUR	321.07	-1.3	2.6	3.3
GAM Trading USD Inc	OT	OT	VGB	02/26	USD	961.40	-1.2	3.1	2.7
GAM Trdg II IncEUR Op	OT	OT	VGB	02/26	EUR	137.36	-1.2	2.5	3.3
GAM Trdg II IncUSD Op	OT	OT	VGB	02/26	USD	312.17	-1.2	3.1	2.7
GAM Trdg IV IncEUR Op	OT	OT	VGB	02/26	EUR	144.90	-1.3	2.4	3.0
GAM Trdg IV IncUSD Op	OT	OT	VGB	02/26	USD	152.62	-1.2	2.9	2.5
GAM Trdg V IncEUR Op	OT	OT	VGB	02/26	EUR	122.83	-1.3	2.8	2.9
GAM Trdg V IncUSD Op	OT	OT	VGB	02/26	USD	128.05	-1.2	3.3	2.5
GAM TrdgIII IncEUR Op	OT	OT	VGB	02/26	EUR	154.93	-1.3	2.4	2.9
GAM TrdgIII IncUSD Op	OT	OT	VGB	02/26	USD	160.53	-1.2	2.9	2.6
GAM USDSpecBondInc	US	BD	VGB	03/01	USD	560.55	5.8	104.1	10.3
GAM Worldwide	GL	EQ	VGB	03/03	USD	2148.51	-3.4	56.6	-8.9
GAMut Investments	OT	OT	VGB	02/28	USD	7610.98	0.4	0.9	5.8

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	03/03	CHF	10.82	-2.0	62.4	-8.8
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	03/03	EUR	11.85	-0.5	66.9	-4.2
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	03/03	GBP	1.60	1.9	69.4	4.3
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	03/03	USD	12.75	-4.9	82.6	-8.8
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	03/03	EUR	105.71	4.5	40.3	-5.6
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	03/03	EUR	102.30	4.5	40.3	-5.6
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	03/03	EUR	11.01	0.2	48.3	-3.9
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	03/03	EUR	181.57	-0.8	45.9	-6.8
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	03/03	EUR	165.91	-0.8	45.8	-6.8
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	03/03	USD	15.17	-5.2	59.4	-11.2
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	03/03	USD	13.75	-5.2	59.3	-11.2
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	03/03	USD	5.59	1.9	53.5	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	03/03	EUR	93.64	6.4	35.6	-4.7
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	03/03	EUR	93.64	6.4	35.6	-4.7
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	03/03	JPY	936.02	1.6	35.8	-15.5
GAMStar-JpnEq USD Acc	JP	EQ	IRL	03/03	USD	11.54	3.8	42.0	-11.1
GAMStar-World EqUSD Acc	GL	EQ	IRL	03/03	USD	2163.67	-3.3	57.6	-8.4

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In print & online. Contact:
carson.wong@dowjones.com

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■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	03/05	USD	15.24	-0.2	52.9	-8.8
American Growth AA	US	EQ	LUX	03/05	USD	0.88	-0.9	55.2	-6.6
Asian Equity	AS	EQ	LUX	03/05	USD	2.37	-3.5	82.6	-6.9
Asian Equity AA	AS	EQ	LUX	03/05	USD	0.76	-4.6	79.8	-8.2
Asian Sm Cap Equity AA	AS	EQ	LUX	03/05	USD	1.17	0.3	117.8	-0.1
China Value A	AS	EQ	LUX	03/05	USD	6.73	-5.4	68.4	-2.6
China Value AA	AS	EQ	LUX	03/05	USD	2.11	-5.5	67.9	-2.8
Dragon Growth	AS	EQ	LUX	03/05	USD	1.57	-4.7	72.4	-4.8
Dragon Growth AA	OT	OT	LUX	03/05	HKD	7.62	-5.3	69.9	-6.1
Emg Eastrn Europe A	EU	EQ	LUX	03/05	USD	4.63	0.3	138.1	-13.2
Emg Eastrn Europe AA	EU	EQ	LUX	03/05	USD	1.99	0.3	137.7	-13.4
European Growth	EU	EQ	LUX	03/05	USD	8.70	-5.0	78.5	-15.9
European Growth AA	EU	EQ	LUX	03/05	USD	0.62	-5.0	77.6	-15.6
Global Contrarain AA	GL	EQ	LUX	03/05	USD	0.92	3.9	134.0	NS
Global Property AA	OT	EQ	LUX	03/05	USD	0.68	-0.7	97.7	-11.1
Global Resources AA	OT	EQ	LUX	03/05	USD	1.07	-0.5	68.6	-16.0
Healthcare AA	OT	EQ	LUX	03/05	USD	0.98	4.1	44.4	NS
India Equity AA	EA	EQ	LUX	03/05	USD	1.08	-2.3	105.4	-7.7
International Growth	GL	EQ	LUX	03/05	USD	3.02	-1.0	49.0	-12.5
International Growth AA	GL	EQ	LUX	03/05	USD	0.70	-1.3	49.7	-12.6
Japanese Growth	JP	EQ	LUX	03/05	USD	2.81	2.0	40.6	-9.2
Japanese Growth AA	JP	EQ	LUX	03/05	USD	0.74	2.1	42.1	-9.8
Latin America Equity AA	GL	EQ	LUX	03/05	USD	1.25	-2.8	127.9	-7.1
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/05	USD	1.03	2.3	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/05	USD	1.13	-1.6	NS	NS
Russia Equity AA	EE	EQ	LUX	03/05	USD	0.68	6.1	164.7	-17.7
Taiwan Equity AA	AS	EQ	LUX	03/05	USD	1.01	-8.1	82.4	-4.5
Turkey Equity AA	EE	EQ	LUX	03/05	USD	0.74	-4.2	152.0	-3.1
U.S. Bond AA	US	BD	LUX	03/05	USD	1.13	2.5	20.4	8.1
U.S. Sm Cap Equity AA	US	EQ	LUX	03/05	USD	0.89	8.8	111.1	-5.2
U.S. Special Opportunities	OT	OT	LUX	03/05	USD	0.89	9.4	116.5	9.4
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/05	USD	1.14	0.3	10.9	0.6

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	02/24	USD	129.40	1.6	135.8	-2.6

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	03/04	USD	7.88	-1.7	107.9	-3.1

SOCIETE GENERALE
Asset Management

■ SG ASSET MANAGEMENT (HK) LTD
Hotline in Hong Kong 2166 5099
A company of Amundi Group
www.sgam.com

Bonds Eur Hi Yld A	OT	OT	LUX	03/03	EUR	21.38	3.9	60.2	5.5
Bonds EURO A	OT	OT	LUX	03/04	EUR	41.63	1.4	5.8	4.6
Bonds EUROPE A	OT	OT	LUX	03/04	EUR	39.64	1.4	4.8	4.0
Bonds US OppsCoreplus A	OT	OT	LUX	03/03	USD	37.53	1.7	17.8	8.1
Bonds World A	OT	OT	LUX	03/04	USD	41.80	-0.5	14.8	2.5
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	03/04	USD	9.95	-4.5	85.4	-7.7
Eq. China A	AS	EQ	LUX	03/04	USD	22.07	-8.5	66.2	-9.3
Eq. Concentrated Euroland A	OT	OT	LUX	03/04	EUR	90.44	-2.7	37.7	-12.6
Eq. ConcentratedEuropeA	EU	EQ	LUX	03/04	EUR	26.63	-1.4	48.9	-11.8
Eq. Emerging Europe A	OT	OT	LUX	03/04	EUR	25.03	6.3	112.8	-17.5
Eq. Euroland A	EU	EQ	LUX	03/04	EUR	10.55	-2.5	41.6	-13.3
Eq. Euroland Small Cap A	OT	OT	LUX	03/04	EUR	143.70	1.8	55.1	-5.5
Eq. EurolandCyclclsA	EU	EQ	LUX	03/04	EUR	17.97	1.0	46.7	-8.5
Eq. EurolandFinancialA	OT	EQ	LUX	03/04	EUR	10.55	-6.8	83.9	-16.2
Eq. Glbl Emg Cty A	GL	EQ	LUX	03/04	USD	8.99	-7.2	75.3	-15.0
Eq. Global A	GL	EQ	LUX	03/04	USD	27.71	-0.5	61.9	-9.6
Eq. Global Energy A	OT	OT	LUX	03/04	USD	17.48	-3.6	42.5	-15.9
Eq. Global Resources A	OT	OT	LUX	03/04	USD	107.53	-1.5	68.2	-14.5
Eq. Gold Mines A	OT	EQ	LUX	03/04	USD	29.93	-1.2	51.8	-7.4
Eq. India A	OT	OT	LUX	03/04	USD	128.02	-2.1	106.0	-7.8
Eq. Japan CoreAlpha A	OT	OT	LUX	03/04	JPY	7380.47	1.7	41.2	-6.6
Eq. Latin America A	OT	OT	LUX	03/03	USD	112.14	-3.5	107.0	-12.0
Eq. US Lg Cap Gr A	US	EQ	LUX	03/04	USD	15.25	0.0	55.7	-7.9
Eq. US Rel Val A	US	EQ	LUX	03/03	USD	20.66	0.3	72.1	-11.1
Eq. US Sm Cap Val A	US	EQ	LUX	03/04	USD	16.52	3.6	71.1	-13.1
Money Market EURO A	EU	MM	LUX	03/04	EUR	27.41	0.1	0.6	2.3
Money Market USD A	US	MM	LUX	03/04	USD	15.83	0.0	0.3	1.3

The National Investor

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TNI Mena Real Estate Fund	OT	OT	BMU	02/25	USD	893.63	-7.0	2.7	-30.4
TNI MENA Special Sits Fund	OT	OT	BMU	01/31	USD	1091.50	1.1	13.6	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	02/25	AED	4.72	-11.5	12.3	-37.6

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*formerly known as China ABH Shares Fund									
Intel-Chin MainInd Foc	AS	EQ	CYM	02/26	USD	28.68	-3.9	76.4	6.4
Intel-China Converg*	AS	EQ	CYM	02/26	USD	109.61	-3.9	76.5	4.4
VP Classic - A	AS	EQ	CYM	03/04	USD	181.75	-2.5	88.1	0.9
VP Classic - B	AS	EQ	CYM	03/04	USD	84.64	-2.6	87.2	0.4
VP High Dividend Stk	AS	EQ	CYM	03/01	USD	45.70	0.6	87.3	5.1

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Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	03/05	JPY	9116.00	-3.6	27.2	-17.2
YMR-N Small Cap Fund	OT	OT	IRL	03/05	JPY	6583.00	-6.1	19.4	-17.8
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	03/05	JPY	5831.00	-5.2	17.6	-21.5
Yuki 77 Growth	JP	EQ	IRL	03/05	JPY	5341.00	-5.3	10.4	-25.0
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/05	JPY	6645.00	-2.7	25.3	-17.1
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/05	JPY	7750.00	2.8	17.5	-15.2
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/05	JPY	4570.00	-2.2	20.9	-21.0
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/05	JPY	5235.00	-0.2	21.6	-15.9
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/05	JPY	4759.00	-6.8	17.0	-18.2
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/05	JPY	4215.00	-4.6	20.3	-25.3
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/05	JPY	4450.00	-4.6	20.0	-25.2
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/05	JPY	6639.00	-4.8	28.6	-19.7
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/05	JPY	8326.00	-3.4	24.6	-17.1
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/05	JPY	6118.00	-3.8	18.8	-19.3
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/05	JPY	7577.00	-0.7	11.7	-18.4
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/05	JPY	5063.00	-2.4	24.4	-18.4
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/05	JPY	11530.00	-0.3	25.5	-13.1
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/05	JPY	7490.00	-5.9	17.5	-22.3
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/05	JPY	6571.00	-7.9	24.1	-19.4
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/05	JPY	5586.00	-1.1	25.5	-15.0
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/05	JPY	2659.00	-2.5	26.4	-23.1
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	03/05	JPY	5263.00	-2.9	24.4	-18.2

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Sweden	1.38%	5.2%	73.7%
Switzerland	1.26	4.9	72.3
Netherlands	1.79	3.4	81.1
U.K.	1.30	3.4	60.1
Canada	1.30	1.3	54.3
Russia	1.78	0.9	78.5
South Africa	0.18	0.6	40.6
Japan	1.39	unch.	30.2
Australia	0.33	-0.9%	49.9
France	2.19	-1.0	56.8
Germany	1.43	-1.8	53.1
Turkey	2.20	-2.5	118.4
Italy	1.81	-3.7	75.0
Singapore	0.59	-4.3	87.2
Hong Kong	0.89	-4.4	64.4
South Korea	0.71	-4.4	57.6
Brazil	1.78	-4.8	116.1
Spain	2.28	-5.9	48.7
China 88	0.20	-10.7	34.5

Dow Jones Regional Sector Titans

Travel Leisure	1.16%	5.5%	62.5%
Ind Gds Svcs	1.24	4.7	92.0
Pers H'hold Gds	0.87	4.5	56.7
Arab 50	-0.21	4.2	33.3
Retail	0.92	3.2	61.9
Media	1.68	1.8	75.8
Basic Res	2.52	-0.1%	120.5
Asian 50	0.31	-0.1	64.3
Global 50	1.12	-2.3	55.8
Tiger 50*	0.94	-5.3	82.6

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Friday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Sony	Japan	Consumer Electronics	$35.4	3,205	3.39%	86.9%	-48.0%
Canon	Japan	Electronic Office Equipment	53.2	3,890	3.32	77.6	-38.2
JFE Hldgs	Japan	Iron Steel	20.2	3,445	2.99	66.4	-54.1
Shin-Etsu Chml	Japan	Specialty Chemicals	23.0	4,895	2.94	14.4	-30.8
China Constr Bk	Hong Kong	Banks	176.6	6.10	2.35	49.9	38.6
Westpac Bking	Australia	Banks	$70.6	26.75	-0.71%	70.4	3.9
Tokyo Elec Power	Japan	Conventional Electricity	36.9	2,467	-0.60	-8.0	-40.4
China Life Ins	Hong Kong	Life Insurance	32.9	34.35	-0.58	61.3	59.8
National Australia Bk	Australia	Banks	50.4	26.50	-0.56	57.7	-33.7
Nintendo	Japan	Toys	37.3	26,300	-0.27	1.2	-20.3

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Panasonic Japan (Consumer Electronics)	29.1	1,271	2.09%	16.5%	-46.3%
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	49.1	60.40	2.03	25.2	-7.8
QBE Ins Grp Australia (Reinsurance)	19.1	20.50	1.99	25.8	-33.2
Samsung Elec South Korea (Semiconductors)	100.2	775,000	1.84	54.1	32.3
PetroChina Hong Kong (Integrated Oil Gas)	24.3	8.93	1.82	74.4	-0.2
Mizuho Financial Grp Japan (Banks)	28.2	181.00	1.69	2.8	-77.8
East Japan Railway Japan (Travel Tourism)	27.2	6,200	1.64	13.8	-34.1
Nippon Steel Japan (Iron Steel)	23.9	343.00	1.48	37.8	-61.0
CNOOC Hong Kong (Exploration Production)	71.0	12.34	1.48	103.0	95.6
Mitsui Japan (Industrial Suppliers)	29.2	1,453	1.47	72.6	-31.9
Japan Tobacco Japan (Tobacco)	34.4	324,000	1.41	45.6	-37.8
Mitsubishi Japan (Industrial Suppliers)	41.6	2,287	1.33	104.0	-16.2
Tokio Marine Hldgs Japan (Property Casualty Insurance)	21.8	2,502	1.21	29.2	-40.6
Honda Motor Japan (Automobiles)	63.0	3,110	0.97	44.7	-27.8
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	36.4	110.30	0.91	95.2	26.9
Woolworths Australia (Food Retailers Wholesalers)	31.3	28.05	0.90	7.9	2.6
Mitsubishi UFJ Finl Japan (Banks)	70.5	458.00	0.88	14.2	-67.3
Indl Comm Bk China Hong Kong (Banks)	62.1	5.80	0.87	87.1	31.8
Nissan Motor Japan (Automobiles)	31.6	700.00	0.86	114.7	-48.0
KDDI Japan (Mobile Telecommunications)	23.3	475,000	0.85	0.2	-47.6

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
RioZim Ltd Australia (General Mining)	41.3	75.01	0.82%	108.0%	27.6%
Nippon T&T Japan (Fixed Line Telecommunications)	57.2	3,900	0.78	2.6	-35.6
POSCO South Korea (Iron Steel)	36.3	545,000	0.74	70.6	45.7
Aus NZ Bk Australia (Banks)	54.1	23.83	0.68	92.8	-18.0
Hutchison Whampoa Hong Kong (Diversified Industrials)	30.9	56.20	0.63	52.7	-22.8
Toyota Motor Japan (Automobiles)	118.4	3,395	0.59	17.1	-56.8
BHP Billiton Australia (General Mining)	129.4	42.50	0.52	53.7	54.7
Woodside Petroleum Australia (Exploration Production)	29.0	44.52	0.52	25.2	24.4
KB Fncl Group South Korea (Banks)	17.1	50,700	0.40	93.8	-38.1
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	35.9	134.00	0.37	104.4	0.3
NTT DoCoMo Japan (Mobile Telecommunications)	63.8	138,000	0.36	-2.8	-34.9
Cheung Kong Hong Kong (Real Estate Holding Development)	28.6	96.00	0.31	64.2	1.4
Commonwlth Bk of Aus Australia (Banks)	75.9	55.10	0.24	104.1	10.5
Shinhan Financial Grp South Korea (Banks)	18.1	43,600	0.23	112.7	-16.9
China Mobile (HK) Hong Kong (Mobile Telecommunications)	186.8	72.95	0.14	12.2	8.9
Kansai Elec Power Japan (Conventional Electricity)	22.6	2,133	0.09	-5.4	-41.6
Westfield Grp Australia (Retail REITs)	25.6	12.24	0.08	33.0	-43.1
Seven I Hldgs Japan (Broadline Retailers)	19.4	1,942	0.05	-0.3	-47.1
Takeda Pharm Japan (Pharmaceuticals)	35.1	4,020	-0.12	5.2	-49.3
Sumitomo Mitsui Finl Japan (Banks)	42.6	2,855	-0.14	3.3	-74.5

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	1.02%	1.94%	0.6%	0.0%	7.2%
Event Driven	0.91	1.80	1.5	0.8	14.7
Equity Long/Short	1.09	2.63	3.0	1.6	5.4

*Estimates as of 03/04/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.81	100.88%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.21	99.04	0.01	1.76	0.92	1.30
Europe Crossover: 12/1	4.44	102.19	0.05	6.15	3.79	4.92
Asia ex-Japan IG: 12/1	1.08	99.64	0.01	1.34	0.87	1.08
Japan: 12/1	1.33	98.47	0.01	1.68	0.99	1.36

Note: Data as of March 4

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points

Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
All Nippon Awys	299	**-15**	-21	-7
Nomura Hldgs	202	**-12**	-15	-1
Mitsubishi Chem	124	**-10**	-7	1
Promise	696	**-10**	-50	58
Nippon Paper Inds	122	**-7**	-2	28
Kobe Stl	123	**-7**	-22	-5
Obayashi	198	**-7**	-25	-20
Teijin	52	**-7**	-8	5
Mitsui Sumitomo Ins	71	**-7**	-10	-11
Sumitomo Metal Inds	73	**-6**	-11	-4

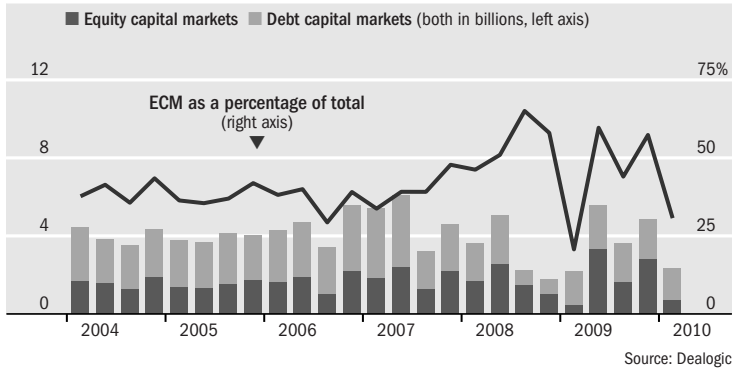
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Yamato Hldgs	43	**1**	...	8
Canon	35	**1**	-8	-2
Mitsubishi Matls	114	**1**	-9	4
Sumitomo Chem	60	**1**	-5	...
Mitsubishi Elec	47	**1**	-7	6
Tobu Rwy	80	**2**	-1	10
Marui Group	242	**2**	-14	-1
Nishimatsu Constr	570	**3**	...	-1
Softbank	305	**6**	-4	-59
Kawasaki Kisen Kaisha	221	**10**	-18	-16

Source: Markit Group

US: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

	Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
	Corn (cents/bu.)	CBOT	**375.50**	-7.50	**-1.96%**	714.00	325.00
	Soybeans (cents/bu.)	CBOT	**942.75**	0.75	**0.08%**	1,087.50	819.75
	Wheat (cents/bu.)	CBOT	**493.50**	-8.75	**-1.74**	745.00	472.00
	Live cattle (cents/lb.)	CME	**92.950**	-0.075	**-0.08**	95.175	85.050
	Cocoa ($/ton)	ICE-US	**2,865**	36	**1.27**	3,514	2,066
	Coffee (cents/lb.)	ICE-US	**130.40**	0.20	**0.15**	190.40	118.30
	Sugar (cents/lb.)	ICE-US	**22.19**	0.52	**2.40**	29.00	11.90
	Cotton (cents/lb.)	ICE-US	**82.43**	0.61	**0.75**	94.00	51.38
	Crude palm oil (ringgit/ton)	MDEX	**2,670.00**	-4	**-0.15**	3,600	1,486
	Cocoa (pounds/ton)	LIFFE	**2,176**	14	**0.65**	2,356	1,475
	Robusta coffee ($/ton)	LIFFE	**1,232**	-17	**-1.36**	1,605	1,229
	Copper (cents/lb.)	COMEX	**341.75**	4.20	**1.24**	355.00	140.00
	Gold ($/troy oz.)	COMEX	**1135.20**	2.10	**0.19**	1,229.00	785.10
	Silver (cents/troy oz.)	COMEX	**1738.20**	20.60	**1.20**	1,949.50	916.00
	Aluminum ($/ton)	LME	**2,232.00**	-0.50	**-0.02**	2,356.50	1,301.00
	Tin ($/ton)	LME	**17,500.00**	-145.00	**-0.82**	18,250.00	9,945.00
	Copper ($/ton)	LME	**7,497.00**	-28.00	**-0.37**	7,695.00	3,525.00
	Lead ($/ton)	LME	**2,199.00**	-21.00	**-0.95**	2,615.00	1,197.00
	Zinc ($/ton)	LME	**2,280.00**	-35.00	**-1.51**	2,659.00	1,214.00
	Nickel ($/ton)	LME	**22,525**	-425	**-1.85**	22,950	9,475
	Crude oil ($/bbl.)	NYMEX	**81.50**	1.29	**1.61**	116.70	51.00
	Heating oil ($/gal.)	NYMEX	**2.0974**	0.0287	**1.39**	3.4750	1.3939
	RBOB gasoline ($/gal.)	NYMEX	**2.2710**	0.0373	**1.67**	2.2972	1.4475
	Natural gas ($/mmBtu)	NYMEX	**4.593**	0.018	**0.39**	10.800	4.540
	Brent crude ($/bbl.)	ICE-EU	**80.17**	1.28	**1.62**	109.11	57.30
	Gas oil ($/ton)	ICE-EU	**655.25**	10.00	**1.55**	691.50	512.75

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on March 5

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2514	0.1904	3.8588	0.2591
Brazil real	2.4191	0.4134	1.7776	0.5626
Canada dollar	1.3976	0.7155	1.0270	0.9737
1-mo. forward	1.3977	0.7155	1.0270	0.9737
3-mos. forward	1.3978	0.7154	1.0271	0.9736
6-mos. forward	1.3983	0.7152	1.0275	0.9733
Chile peso	693.17	0.001443	509.35	0.001963
Colombia peso	2587.07	0.0003865	1901.00	0.0005260
Ecuador US dollar-f	1.3609	0.7348	1	1
Mexico peso-a	17.2331	0.0580	12.6630	0.0790
Peru sol	3.8636	0.2588	2.8390	0.3522
Uruguay peso-e	26.538	0.0377	19.500	0.0513
U.S. dollar	1.3609	0.7348	1	1
Venezuela bolivar	5.84	0.171098	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.4984	0.6674	1.1010	0.9083
China yuan	9.2901	0.1076	6.8265	0.1465
Hong Kong dollar	10.5644	0.0947	7.7628	0.1288
India rupee	61.9822	0.0161	45.5450	0.0220
Indonesia rupiah	12568	0.0000796	9235	0.0001083
Japan yen	123.24	0.008114	90.56	0.011043
1-mo. forward	123.22	0.008116	90.54	0.011045
3-mos. forward	123.18	0.008118	90.51	0.011048
6-mos. forward	123.09	0.008124	90.45	0.011056
Malaysia ringgit-c	4.5781	0.2184	3.3640	0.2973
New Zealand dollar	1.9562	0.5112	1.4374	0.6957
Pakistan rupee	115.268	0.0087	84.700	0.0118
Philippines peso	62.629	0.0160	46.020	0.0217
Singapore dollar	1.9036	0.5253	1.3988	0.7149
South Korea won	1552.11	0.0006443	1140.50	0.0008768
Taiwan dollar	43.399	0.02304	31.890	0.03136
Thailand baht	44.427	0.02251	32.645	0.03063

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7348	1.3609
1-mo. forward	1.0000	1.0000	0.7348	1.3608
3-mos. forward	1.0001	0.9999	0.7349	1.3607
6-mos. forward	1.0004	0.9996	0.7351	1.3603
Czech Rep. koruna-b	25.645	0.0390	18.844	0.0531
Denmark krone	7.4425	0.1344	5.4688	0.1829
Hungary forint	266.39	0.003754	195.75	0.005109
Norway krone	8.0254	0.1246	5.8971	0.1696
Poland zloty	3.8735	0.2582	2.8463	0.3513
Russia ruble-d	40.539	0.02467	29.789	0.03357
Sweden krona	9.6866	0.1032	7.1178	0.1405
Switzerland franc	1.4632	0.6834	1.0752	0.9301
1-mo. forward	1.4629	0.6836	1.0750	0.9303
3-mos. forward	1.4623	0.6839	1.0745	0.9307
6-mos. forward	1.4611	0.6844	1.0736	0.9314
Turkey lira	2.0991	0.4764	1.5424	0.6483
U.K. pound	0.9011	1.1098	0.6621	1.5103
1-mo. forward	0.9013	1.1095	0.6623	1.5100
3-mos. forward	0.9016	1.1091	0.6625	1.5094
6-mos. forward	0.9021	1.1086	0.6628	1.5086
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5130	1.9492	0.3770	2.6526
Egypt pound-a	7.4645	0.1340	5.4850	0.1823
Israel shekel	5.1381	0.1946	3.7755	0.2649
Jordan dinar	0.9639	1.0375	0.7083	1.4119
Kuwait dinar	0.3927	2.5465	0.2886	3.4655
Lebanon pound	2051.56	0.0004874	1507.50	0.0006634
Saudi Arabia riyal	5.1036	0.1959	3.7502	0.2667
South Africa rand	10.1237	0.0988	7.4390	0.1344
United Arab dirham	4.9985	0.2001	3.6730	0.2723
SDR -f	0.8890	1.1248	0.6533	1.5308

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
28	**ASIA-PACIFIC**	DJ Asia-Pacific	123.15	0.63	**0.51%**	0.1%	63.9%
...	Australia	SPX/ASX 200	4767.24	16.74	**0.35**	-2.1	51.6
27	China	CBN 600	27118.98	87.99	**0.33**	-6.7	44.5
17	Hong Kong	Hang Seng	20787.97	212.19	**1.03**	-5.0	74.4
19	India	Sensex	16994.49	22.79	**0.13**	-2.7	104.1
...	Indonesia	Jakarta Composite	2578.772	13.127	**0.51**	1.8	100.4
...	Japan	Nikkei Stock Average	10368.96	223.24	**2.20**	-1.7	44.6
...		Topix	910.81	13.17	**1.47**	0.4	26.3
...	Malaysia	Kuala Lumpur Composite	1299.78	15.69	**1.22**	2.1	51.5
...	New Zealand	NZSX-50	3214.643	1.086	**0.03**	-0.5	30.1
8	Pakistan	KSE 100	9626.29	114.76	**1.21**	2.6	67.5
14	Philippines	Manila Composite	3040.92	6.79	**0.22**	-0.4	58.4
...	Singapore	Straits Times	2790.29	21.59	**0.78**	-3.7	84.4
11	South Korea	Kospi	1634.57	16.37	**1.01**	-2.9	54.9
20	Taiwan	Weighted	7666.26	96.46	**1.27**	-6.4	64.7
10	Thailand	SET	723.96	-6.86	**-0.94%**	-1.4	72.6
...	**EUROPE**	Stoxx Europe 600	257.09	4.09	**1.62**	1.6	61.2
...		Stoxx Europe 50	2576.68	43.42	**1.71**	-0.1	58.2
...	**Euro Zone**	Euro Stoxx	270.86	4.88	**1.83%**	-1.4%	59.2%
13		Euro Stoxx 50	2877.44	61.34	**2.18**	-3.0	58.3
...	Denmark	OMX Copenhagen	348.31	5.84	**1.71**	10.3	80.2
20	Finland	OMX Helsinki	6965.61	69.70	**1.01**	7.9	69.5
17	France	CAC-40	3910.42	82.01	**2.14**	-0.7	54.3
17	Germany	DAX	5877.36	82.04	**1.42**	-1.3	60.3
14	Italy	FTSE MIB	22278.12	433.56	**1.98**	-4.2	72.8
...	Netherlands	AEX	338.68	6.23	**1.87**	1.0	69.8
...	Russia	RTSI	1508.21	37.80	**2.57**	5.6	161.4
10	Spain	IBEX 35	11019.8	274.5	**2.55**	-7.7	58.9
16	Switzerland	SMI	6847.78	42.91	**0.63**	4.6	58.8
...	Turkey	ISE National 100	52625.63	1184.92	**2.30**	-0.4	126.6
14	U.K.	FTSE 100	5599.76	72.60	**1.31**	3.5	58.6
18	**AMERICAS**	DJ Americas	303.91	4.47	**1.49**	2.5	74.4
...	Brazil	Bovespa	68846.50	1031.80	**1.52**	0.4	85.5
...	Argentina	Merval	2298.74	14.48	**0.63**	-0.9	138.2
19	Mexico	IPC	32436.53	234.53	**0.73**	1.0	90.3

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 5:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.19%	19	**Global TSM**	2329.53	29.65	**1.29%**	0.5%	74.1%	-5.4%
1.92	19	**Global DOW**	1959.89	24.33	**1.26**	-1.2	69.5	-2.2
2.43	15	**Global Titans 50**	169.63	1.88	**1.12**	-2.3	55.8	-8.2
2.18	25	**Asia/Pacific TSM**	1217.82	6.24	**0.51**	0.1	69.3	-4.1
2.42	15	**Asia/Pacific ex-Japan TSM**	3016.06	33.70	**1.13**	-1.9	103.3	3.2
2.78	14	**Europe TSM**	2579.53	39.87	**1.57**	-3.7	74.5	-9.2
1.86	14	**Emerging Markets TSM**	4052.64	54.14	**1.35**	-0.1	108.6	4.8
2.45	33	**Asian Titans 50**	134.09	0.42	**0.31**	-0.1	64.3	-6.3
6.37	6	**BRIC 50**	581.91	10.18	**1.78**	-2.7	106.1	10.0
0.86	27	**CBN China 600** -c	27118.98	87.99	**0.33**	-6.7	44.5	11.4
2.35	18	**China Offshore 50**	3874.37	41.39	**1.08**	-5.0	70.1	10.3
0.89	30	**Shanghai** -c	365.64	1.36	**0.37**	-5.7	45.4	11.7

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
0.56%	46	**Shenzhen** -c	402.16	0.81	**0.20%**	-3.4%	61.8%	17.6%
1.84	22	**U.S. TSM**	11726.82	167.63	**1.45**	3.0	70.6	-5.4
4.83	14	**Global Select Div** -d	195.38	2.13	**1.10**	-3.3	108.2	-8.7
5.34	14	**Asia/Pacific Select Div** -d	267.11	2.91	**1.10**	-0.5	127.5	-8.3
3.70	14	**Hong Kong Select Div** -d	189.33	1.53	**0.82**	1.0	65.6	3.1
4.23	15	**U.S. Select Dividend** -d	324.11	3.45	**1.08**	2.7	71.5	-12.6
1.80	15	**Islamic Market**	1980.23	24.15	**1.23**	0.3	63.7	-0.6
2.00	15	**Islamic Market 100**	2098.53	22.54	**1.09**	-1.1	49.6	-1.4
2.60	17	**Islamic China/HK Titans 30**	1479.97	17.94	**1.23**	-0.4	68.2	5.0
1.55	12	**Sustainability Korea**	1184.76	14.48	**1.24**	-1.7	115.0	2.0
3.40	17	**Brookfield Infrastructure**	2024.86	16.57	**0.82**	-0.1	61.4	-2.7
		DJ-UBS Commodity -p	134.68	0.73	**0.55**	-3.2	27.3	-6.7

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.101	0.662	1.027	6.826	0.735	7.763	45.545	9235.32	90.555	1.437	1140.50	3.364	46.020	1.399	1.075	31.890	32.645
Australia	0.908		0.601	0.933	6.200	0.667	7.051	41.366	8387.98	82.247	1.306	1035.86	3.055	41.798	1.270	0.977	28.964	29.650
Britain	1.510	1.663		1.551	10.310	1.110	11.724	68.787	13948.10	136.765	2.171	1722.49	5.081	69.504	2.113	1.624	48.163	49.304
Canada	0.974	1.072	0.645		6.647	0.715	7.559	44.348	8992.52	88.174	1.400	1110.51	3.276	44.810	1.362	1.047	31.052	31.787
China	0.1465	0.161	0.097	0.150		0.108	1.137	6.672	1352.87	13.265	0.211	167.07	0.493	6.741	0.205	0.158	4.672	4.782
Euro	1.361	1.498	0.901	1.398	9.290		10.564	61.982	12568.34	123.236	1.956	1552.10	4.578	62.629	1.904	1.463	43.399	44.427
Hong Kong	0.129	0.142	0.085	0.132	0.879	0.095		5.867	1189.69	11.665	0.185	146.92	0.433	5.928	0.180	0.139	4.108	4.205
India	0.0220	0.0242	0.0145	0.0225	0.1499	0.0161	0.1704		202.77	1.9883	0.0316	25.04	0.0739	1.0104	0.0307	0.0236	0.7002	0.7168
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0098	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0035
Japan	0.011	0.012	0.007	0.011	0.075	0.008	0.086	0.503	101.99		0.016	12.59	0.037	0.508	0.015	0.012	0.352	0.360
New Zealand	0.696	0.766	0.461	0.714	4.749	0.511	5.401	31.686	6425.01	62.999		793.44	2.340	32.016	0.973	0.748	22.186	22.711
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0006	0.0068	0.0399	8.10	0.0794	0.0013		0.0029	0.0404	0.0012	0.0009	0.0280	0.0286
Malaysia	0.297	0.327	0.197	0.305	2.029	0.218	2.308	13.539	2745.34	26.919	0.427	339.03		13.680	0.416	0.320	9.480	9.704
Philippines	0.022	0.024	0.014	0.022	0.148	0.016	0.169	0.990	200.68	1.968	0.031	24.78	0.073		0.030	0.023	0.693	0.709
Singapore	0.715	0.787	0.473	0.734	4.880	0.525	5.550	32.561	6602.55	64.740	1.028	815.37	2.405	32.901		0.769	22.799	23.339
Switzerland	0.930	1.024	0.616	0.955	6.349	0.683	7.220	42.360	8589.39	84.222	1.337	1060.73	3.129	42.801	1.301		29.660	30.362
Taiwan	0.031	0.035	0.021	0.032	0.214	0.023	0.243	1.428	289.60	2.840	0.045	35.76	0.105	1.443	0.044	0.034		1.024
Thailand	0.031	0.034	0.020	0.031	0.209	0.023	0.238	1.395	282.90	2.774	0.044	34.94	0.103	1.410	0.043	0.033	0.977	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 05, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	LOCAL-CURRENCY PERFORMANCE YTD	LOCAL-CURRENCY PERFORMANCE 52-wk.
2.40%	23	**ALL COUNTRY (AC) WORLD***	295.46	0.20%	**-1.3%**	57.9%
2.50	24	**World (Developed Markets)**	1,155.60	0.15	**-1.1**	53.9
1.80	83	**World Small Cap**	195.32	0.00	**2.7**	76.2
2.50	21	**Kokusai (World ex-Japan)**	1,141.41	0.01	**-1.6**	56.8
3.00	23	**EAFE**	1,527.84	0.66	**-3.3**	53.1
2.20	20	**Emerging Markets (EM)**	961.34	0.53	**-2.8**	92.5
2.50	23	**AC ASIA PACIFIC EX-JAPAN**	402.76	0.62	**-3.3**	88.0
2.20	22	**AC Far East ex-Japan**	430.02	0.86	**-4.4**	78.8
1.70	145	**Japan**	561.11	-0.91	**-1.3**	20.2
2.00	19	**China**	61.18	-1.81	**-5.6**	68.8
0.90	37	**China A (China Domestic)**	3,115.76	-2.67	**-7.9**	52.8
2.60	23	**Hong Kong**	9,973.93	-0.30	**-2.0**	59.0
0.90	20	**India**	694.82	-0.14	**-1.7**	104.4
1.30	16	**Korea**	458.51	-0.25	**-4.6**	57.3
2.30	20	**Malaysia**	470.21	-0.28	**0.1**	41.9
3.10	17	**Singapore**	1,540.39	-0.48	**-5.2**	71.9
2.70	234	**Taiwan**	271.66	-0.94	**-8.2**	57.4
3.30	18	**Thailand**	300.37	-0.93	**-0.4**	70.7
3.60	25	**Australia**	984.12	0.36	**-1.7**	42.6
5.00	16	**New Zealand**	84.37	0.85	**-3.2**	15.5
1.90	28	**US BROAD MARKET**	1,254.06	-0.35	**1.4**	56.2
3.40	16	**EUROPE**	87.85	0.14	**-0.5**	45.4

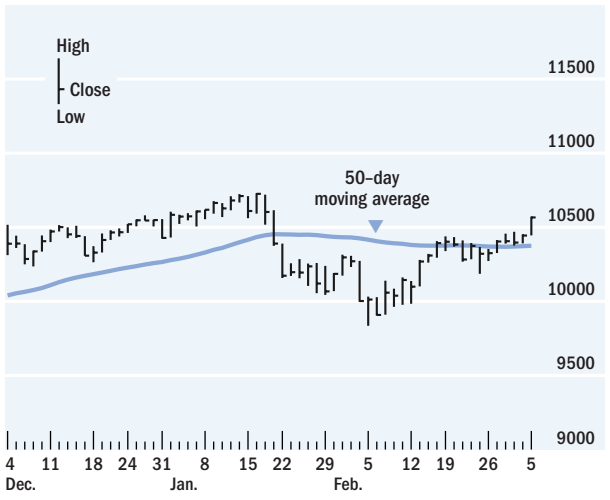
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 16

LAST: **10566.20** ▲ 122.06, or 1.17%
YEAR TO DATE: ▲ **138.15, or 1.3%**
OVER 52 WEEKS ▲ **3,939.26, or 59.4%**



Nasdaq Composite Index P/E: 19*

LAST: **2326.35** ▲ 34.04, or 1.48%
YEAR TO DATE: ▲ **57.20, or 2.5%**
OVER 52 WEEKS ▲ **1,032.50, or 79.8%**

S&P 500 Index P/E: 22

LAST: **1138.70** ▲ 15.73, or 1.40%
YEAR TO DATE: ▲ **23.60, or 2.1%**
OVER 52 WEEKS ▲ **455.32, or 66.6%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**26.20**	$24.99	0.03	**0.12%**
Alcoa	AA	**39.50**	13.84	0.41	**3.05**
AmExpress	AXP	**9.30**	40.20	1.31	**3.37**
BankAm	BAC	**160.50**	16.70	0.30	**1.83**
Boeing	BA	**8.00**	67.93	2.38	**3.63**
Caterpillar	CAT	**6.20**	59.23	0.78	**1.33**
Chevron	CVX	**8.00**	74.30	1.22	**1.67**
CiscoSys	CSCO	**54.30**	25.21	0.26	**1.04**
CocaCola	KO	**11.30**	54.70	0.23	**0.42**
Disney	DIS	**17.30**	33.22	0.65	**2.00**
DuPont	DD	**6.40**	34.97	0.41	**1.19**
ExxonMobil	XOM	**24.90**	66.47	1.07	**1.64**
GenElec	GE	**61.00**	16.35	0.24	**1.49**
HewlettPk	HPQ	**14.50**	52.03	0.52	**1.01**
HomeDpt	HD	**16.20**	31.80	0.36	**1.15**
Intel	INTC	**43.20**	20.79	0.26	**1.27**
IBM	IBM	**5.60**	127.25	0.53	**0.42**
JPMorgChas	JPM	**31.80**	42.81	0.89	**2.12**
JohnsJohns	JNJ	**9.50**	64.04	0.47	**0.74**
KftFoods	KFT	**10.70**	29.34	0.26	**0.89**
McDonalds	MCD	**7.70**	63.67	0.24	**0.38**
Merck	MRK	**9.00**	37.49	0.35	**0.94**
Microsoft	MSFT	**51.70**	28.59	-0.04	**-0.15**
Pfizer	PFE	**61.90**	17.48	0.15	**0.87**
ProctGamb	PG	**9.30**	63.69	0.02	**0.03**
3M	MMM	**2.90**	82.44	1.42	**1.75**
TravelersCos	TRV	**3.90**	53.94	0.39	**0.73**
UnitedTech	UTX	**3.80**	71.25	0.88	**1.25**
Verizon	VZ	**17.50**	29.23	-0.04	**-0.14**
WalMart	WMT	**10.30**	54.14	0.18	**0.33**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**316.4**	$3.50	$0.07	**2.04%**
SPDR S&P 500	SPY	**175.5**	114.25	1.61	**1.43**
SiriusXM	SIRI	**173.9**	0.94	0.01	**1.03**
BankAm	BAC	**171.7**	16.70	0.30	**1.83**
FordMotor	F	**106.6**	13.00	0.21	**1.64**
SPDR FnclSelSct	XLF	**80.9**	15.22	0.29	**1.94**
iShrMSCIEmrgMkt	EEM	**78.0**	40.95	1.04	**2.61**
PwrShrs QQQ	QQQQ	**68.1**	46.44	0.69	**1.51**
DrxFinancBear 3x	FAZ	**68.0**	15.84	–1.03	**–6.09**
GenElec	GE	**65.0**	16.35	0.24	**1.49**
Pfizer	PFE	**64.6**	17.48	0.15	**0.87**
CiscoSys	CSCO	**56.9**	25.21	0.26	**1.04**
Microsoft	MSFT	**55.8**	28.59	–0.04	**–0.15**
iShrRu2000	IWM	**52.3**	66.62	1.33	**2.04**
Intel	INTC	**45.8**	20.79	0.26	**1.27**

Biggest gainers...

InterMune	ITMN	**28,248.9**	$23.28	$8.67	**59.34%**
GeneralMoly	GMO	**12,211.3**	3.99	1.39	**53.46**
WestwoodOne	WWON	**71.6**	11.39	2.89	**34.00**
WabashNtl	WNC	**1,737.9**	4.36	0.98	**28.99**
IridiumComsWt	IRDMW	**14.8**	2.61	0.52	**24.88**

...Biggest losers

NewConceptEngy	GBR	**5.9**	$3.80	-$0.76	**-16.67%**
DynmcMtls	BOOM	**1,593.9**	16.34	-2.72	**-14.27**
VirnetX Hldg	VHC	**4,133.3**	6.00	-0.90	**-13.04**
Neurocrine	NBIX	**3,767.7**	2.30	-0.30	**-11.54**
PrimeRlty pfB	PGEZ	**24.1**	3.10	-0.40	**-11.43**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$7.33	**Taiwan Semi**	TSM	**16,832.9**	$10.13	0.26	**2.63%**
82.74	35.17	**BHP Billiton**	BHP	**5,236.6**	79.18	2.82	**3.69**
4.24	1.74	**Utd Microelectronics**	UMC	**4,154.8**	3.59	0.13	**3.76**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**2,960.0**	5.14	-0.01	**-0.19**
91.97	56.79	**Toyota Motor**	TM	**2,267.4**	76.94	1.52	**2.02**
59.22	40.20	**China Mobile**	CHL	**1,979.3**	47.40	0.11	**0.23**
15.95	9.08	**China Unicom**	CHU	**1,706.8**	12.53	0.04	**0.32**
13.30	6.82	**AU Optrncs**	AUO	**1,670.0**	10.82	0.41	**3.94**
36.38	16.76	**Sony**	SNE	**1,591.6**	36.34	1.30	**3.71**
21.78	11.69	**KT Corp**	KT	**1,444.5**	19.64	0.56	**2.94**
18.64	12.81	**SK Telecom**	SKM	**1,433.8**	16.85	0.19	**1.14**
18.20	7.21	**Korea Elec Pwr**	KEP	**1,420.3**	16.43	0.53	**3.33**
59.60	22.63	**Infosys Tech**	INFY	**1,331.1**	59.56	1.37	**2.35**
21.22	16.51	**ChunghwaTel**	CHT	**1,328.1**	18.89	0.00	**0**
5.23	1.74	**Adv Semi Engrg**	ASX	**1,181.3**	4.23	0.16	**3.93**
8.19	4.68	**Siliconware Prec Ind**	SPIL	**1,132.3**	6.07	0.10	**1.68**
34.27	11.62	**Aluminum Cp of China**	ACH	**791.5**	26.14	1.22	**4.90**
9.50	4.00	**Nomura Hldgs**	NMR	**741.3**	7.25	0.10	**1.40**
150.50	49.25	**POSCO**	PKX	**737.6**	121.34	3.75	**3.19**
81.00	39.93	**China Life Ins**	LFC	**602.3**	67.67	0.42	**0.62**
37.23	20.72	**Honda Motor**	HMC	**422.4**	35.15	0.33	**0.95**
25.65	5.30	**Yanzhou Coal Mining**	YZC	**420.6**	21.97	0.52	**2.42**
17.19	10.60	**Matsushita Elec**	PC	**409.9**	14.34	0.32	**2.28**
135.92	64.30	**PetroChina**	PTR	**366.8**	117.05	3.44	**3.03**
41.87	20.33	**Telekom Indonesia**	TLK	**348.7**	36.18	0.68	**1.92**
24.09	17.71	**NTT**	NTT	**325.2**	21.77	-0.17	**-0.77**
34.43	21.60	**Huaneng Power Intl**	HNP	**289.8**	24.20	0.37	**1.55**
9.82	5.68	**Telecom Corp of NZ**	NZT	**254.1**	7.93	0.13	**1.67**
44.14	21.23	**Canon**	CAJ	**250.1**	44.06	1.49	**3.50**
94.00	46.45	**China Petro & Chem**	SNP	**234.5**	80.60	1.88	**2.39**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

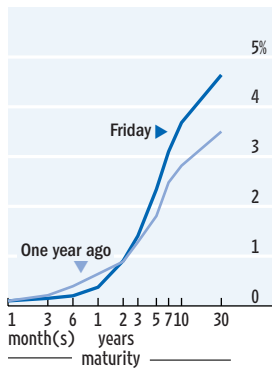
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.597%**	**370.2**	375.6	354.5	**203.6**	**4.595%**	4.405%	**2.931%**
4.500	10	**5.535**	**185.9**	186.1	186.5	**179.5**	**5.465**	5.510	**4.609**
5.000	**Austria** 2	**1.300**	**40.5**	43.4	74.3	**33.7**	**1.273**	1.603	**1.232**
3.900	10	**3.568**	**-10.8**	-4.5	3.2	**136.3**	**3.559**	3.677	**4.177**
2.000	**Belgium** 2	**1.145**	**25.0**	24.9	56.6	**30.0**	**1.088**	1.426	**1.195**
3.750	10	**3.673**	**-0.3**	5.6	13.2	**127.1**	**3.660**	3.777	**4.085**
1.500	**Canada** 2	**1.515**	**62.0**	64.0	27.9	**2.9**	**1.479**	1.139	**0.924**
3.750	10	**3.465**	**-21.1**	-17.9	-26.7	**10.6**	**3.425**	3.378	**2.920**
4.000	**Denmark** 2	**1.715**	**82.0**	83.7	106.5	**114.8**	**1.676**	1.925	**2.043**
4.000	10	**3.455**	**-22.1**	-19.4	-11.2	**66.1**	**3.410**	3.533	**3.475**
3.750	**France** 2	**0.959**	**6.4**	9.3	37.5	**53.6**	**0.932**	1.235	**1.431**
3.500	10	**3.449**	**-22.7**	-17.9	-17.9	**84.8**	**3.425**	3.466	**3.662**
1.250	**Germany** 2	**0.884**	**-1.1**	3.9	26.9	**28.1**	**0.878**	1.129	**1.176**
3.250	10	**3.143**	**-53.3**	-48.0	-44.5	**25.1**	**3.124**	3.200	**3.065**
0.640	**Hong Kong** 2	**0.766**	**-12.9**	-9.2	-24.6	**-3.8**	**0.747**	0.614	**0.857**
2.160	10	**2.859**	**-81.7**	-73.6	-68.0	**-73.8**	**2.868**	2.965	**2.076**
5.000	**Italy** 2	**1.378**	**48.3**	47.7	96.5	**114.2**	**1.316**	1.825	**2.037**
4.250	10	**3.932**	**25.6**	35.1	41.1	**181.2**	**3.955**	4.056	**4.626**
0.200	**Japan** 2	**0.145**	**-75.0**	-68.2	-69.5	**-49.5**	**0.157**	0.165	**0.400**
1.400	10	**1.314**	**-236.2**	-226.7	-229.0	**-150.4**	**1.337**	1.355	**1.310**
2.500	**Netherlands** 2	**0.943**	**4.8**	5.3	36.1	**69.5**	**0.892**	1.221	**1.590**
3.500	10	**3.415**	**-26.1**	-21.7	-23.5	**100.8**	**3.387**	3.410	**3.822**
5.000	**Portugal** 2	**1.884**	**98.9**	112.2	139.6	**142.0**	**1.961**	2.256	**2.315**
4.800	10	**4.308**	**63.2**	70.5	84.9	**189.3**	**4.309**	4.494	**4.707**
5.350	**Spain** 2	**1.217**	**32.2**	36.1	90.6	**106.4**	**1.200**	1.766	**1.959**
4.000	10	**3.879**	**20.3**	27.8	42.3	**129.4**	**3.882**	4.068	**4.108**
2.750	**Switzerland** 2	**0.401**	**-49.4**	-45.7	-31.6	**-41.0**	**0.382**	0.544	**0.485**
2.250	10	**1.889**	**-178.7**	-173.6	-164.0	**-56.8**	**1.868**	2.005	**2.246**
3.250	**U.K.** 2	**1.133**	**23.8**	21.2	35.6	**31.4**	**1.051**	1.216	**1.209**
3.750	10	**4.061**	**38.5**	40.8	26.9	**53.8**	**4.012**	3.914	**3.352**
0.875	**U.S.** 2	**0.895**	**...**	...	...	**...**	**0.839**	0.860	**0.895**
3.625	10	**3.676**	**...**	...	...	**...**	**3.604**	3.645	**2.814**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.640%**	16.07	–1.67%	0.67%	0.67%	–13.82%
10-year Treasury	**3.682**	8.27	–0.67	1.98	1.98	–3.54
7 Year Treasury	**3.100**	6.25	–0.35	2.62	2.62	1.19
Five-year Treasury	**2.342**	4.68	–0.23	2.15	2.15	1.54
Ryan Index	**2.680**	6.69	–0.56	1.60	1.60	–1.62
3 Year Treasury	**1.407**	2.88	–0.23	1.33	1.33	2.85
Two-year Treasury	**0.907**	1.96	–0.19	0.80	0.80	2.02
1 Year Treasury	**0.376**	0.94	–0.07	0.17	0.17	1.24
Six-month Treasury	**0.203**	0.50	–0.01	0.04	0.04	0.57
Ryan Cash Index-a	**0.208**	0.44	–0.02	0.06	0.06	0.56
Three-month bill	**0.152**	0.25	–0.01	0.01	0.01	0.30
One-month bill	**0.101**	0.07	...	...	...	0.12

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	2.50
Japan	**1.475**	1.475
Britain	**0.50**	0.50
ECB	**1.00**	2.00
Switzerland	**0.53**	0.52
Australia	**4.00**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.22906%**	0.54625%
Three month	**0.25363**	1.29250
Six month	**0.39000**	1.85375
One year	**0.85063**	2.15375

	Latest	52 wks ago
Euro Libor		
One month	**0.38188%**	1.38625%
Three month	**0.59813**	1.73188
Six month	**0.90813**	1.85563
One year	**1.19750**	1.97000
Hibor		
One month	**0.07929**	0.29500%
Three month	**0.13000**	0.89786
Six month	**0.23000**	1.23429
One year	**0.51643**	1.67214
Asian dollars		
One month	**0.2360%**	0.53%
Three month	**0.2576**	1.2838
Six month	**0.3910**	1.8213
One year	**0.8460**	2.1275

	Offer	Bid
Eurodollars		
One month	**0.2700%**	0.1700%
Three month	**0.3500**	0.2000
Six month	**0.5000**	0.3000
One year	**0.9000**	0.5500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.26%**	0.28%
U.K. (BBA)	**0.510**	0.630
Euro zone	**0.29**	1.27

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Friday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average

Japan 10368.96

▲ **2.20% or 223.24**

The index posted its fourth consecutive weekly gain as major exporters and real-estate stocks rose on hopes that the Bank of Japan would ease its monetary policy.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**121.44**	181	3	1.69
Mtshbsh Fin Grp	**71.70**	458	4	0.88
Kawasaki Kisen K	**44.97**	343	16	4.89
Hitachi	**37.29**	305	3	0.99
M'bishi Motors	**33.20**	118	unch	...

Hang Seng

Hong Kong 20787.97

▲ **1.03% or 212.19**

Shares rose for a second consecutive week as investors went bargain hunting in HSBC and Internet company Tencent. Cnooc and PetroChina gained on higher oil prices.

Stock	Volume in millions	Close	Change Net	Change %
Bank Of China	**650.84**	3.93	0.04	1.03
CCB	**634.82**	6.10	0.14	2.35
Icbc	**533.35**	5.80	0.05	0.87
Bank of Comm	**224.83**	8.46	0.19	2.30
PetroChina	**157.56**	8.93	0.16	1.82

Kospi

South Korea 1634.57

▲ **1.01% or 16.37**

The index has ended higher for eight of the past 11 weeks and was helped Friday by Greece's offering of 10-year debt and expectations of strong U.S. weekly jobs data.

Stock	Volume in millions	Close	Change Net	Change %
Taechang	**38.25**	405.00	10.00	2.53
Samyang Optics	**35.83**	1,680.00	215.00	14.68
Korea Tech Ind	**17.51**	60.00	10.00	20.00
Hanshin Mach	**15.99**	2,750.00	135.00	5.16
S&T Motors	**11.82**	915.00	95.00	11.59

Straits-Times

Singapore 2790.29

▲ **0.78% or 21.59**

Gaming group Genting Singapore led the index higher after it said that the Universal Studios theme park at its Resorts World Sentosa site will open on March 18.

Stock	Volume in millions	Close	Change Net	Change %
Genting Spore	**251.63**	0.91	0.06	7.10
Golden Agri	**44.76**	0.55	0.01	1.87
NeptuneOrientLines	**15.72**	1.89	0.08	4.42
Noble Grp	**14.18**	3.26	0.06	1.88
CapitaLand	**12.12**	3.90	0.01	0.26

Asian stocks in the news

Konica

Japan ¥955

▲ **4.1% or ¥38**

Exporters benefited as the yen weakened for a second day against the U.S. dollar.

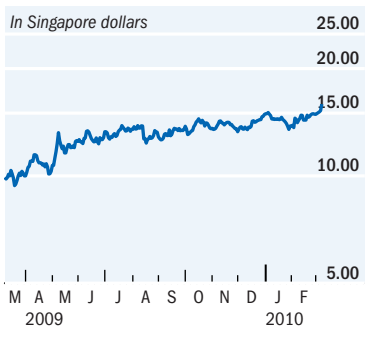
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**51**			
Earnings per share, past four quarters	**18.80**			
Dividend yield	**1.6**			
Personal & Hshld Gds		**0.6%**	2.4%	57.4%
Konica		**4.1%**	3.9%	30.8%

Singapore Airlines

Singapore S$15.90

▲ **4.3% or S$0.66**

Transportation stocks rallied on hopes of stronger prospects amid an improving operating outlook.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**None**			
Earnings per share, past four quarters	**-0.02**			
Dividend yield	**2.5**			
Travel & Leisure		**0.9%**	1.0%	35.8%
Singapore Airlines		**4.3%**	6.9%	60.6%

Sumitomo Rlty & Dev

Japan ¥1,632

▲ **4.5% or ¥71**

Property firms gained on hopes that a potential Bank of Japan move would cut borrowing costs.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**15**			
Earnings per share, past four quarters	**109.20**			
Dividend yield	**1.2**			
Real Estate		**0.8%**	2.0%	87.9%
Sumitomo Rlty & Dev		**4.5%**	3.4%	84.6%

Kawasaki Kisen Kaisha

Japan ¥343

▲ **4.9% or ¥16**

Shares gained from an analyst upgrade and shipping stocks rose after a rise in the Baltic Dry Index.

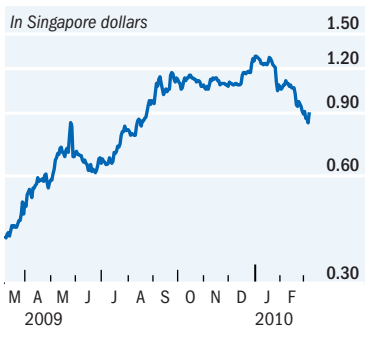
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**None**			
Earnings per share, past four quarters	**-91.50**			
Dividend yield	**None**			
Indus Gds & Svcs		**0.7%**	2.3%	81.4%
Kawasaki Kisen Kaisha		**4.9%**	6.5%	19.5%

Genting Singapore

Singapore S$0.91

▲ **7.1% or S$0.06**

Universal Studios theme park will open March 18 at the gaming group's Resorts World Sentosa.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**None**			
Earnings per share, past four quarters	**-0.03**			
Dividend yield	**None**			
Travel & Leisure		**0.9%**	1.0%	35.8%
Genting Singapore		**7.1%**	1.1%	122.6%

Lihir Gold

Australia A$2.91

▼ **1.0% or A$0.03**

The company will sell its failed Ballarat operation, ending a disappointing foray into Victoria.

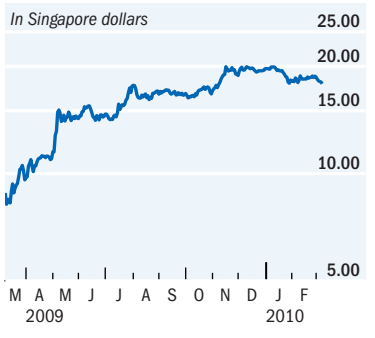
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**None**			
Earnings per share, past four quarters	**-0.11**			
Dividend yield	**0.5**			
Basic Resources		**1.1%**	5.0%	114.0%
Lihir Gold		**-1.0%**	9.8%	-7.6%

United Overseas Bk

Singapore S$17.86

▼ **1.1% or S$0.20**

The banking sector tempered gains in the market amid caution ahead of the U.S. payrolls report.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**14**			
Earnings per share, past four quarters	**1.26**			
Dividend yield	**3.4**			
Banks		**0.5%**	2.7%	78.4%
United Overseas Bk		**-1.1%**	-4.2%	102.5%

Mirvac Grp

Australia A$1.58

▼ **1.3% or A$0.02**

Reports said it was among a trio of property companies considering an offer of debt securities.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**None**			
Earnings per share, past four quarters	**-0.12**			
Dividend yield	**1.3**			
Real Estate		**0.8%**	2.0%	87.9%
Mirvac Grp		**-1.3%**	2.9%	140.0%

Fortescue Metals Grp

Australia A$4.78

▼ **2.0% or A$0.10**

Shares sagged after one of the iron-ore producer's major shareholders sold down its stake.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**None**			
Earnings per share, past four quarters	**-0.16**			
Dividend yield	**None**			
Basic Resources		**1.1%**	5.0%	114.0%
Fortescue Metals Grp		**-2.0%**	2.8%	91.2%

Primary Hlth Care

Australia A$4.07

▼ **4.5% or A$0.19**

The health-care sector was under pressure again amid government plans for a public-health overhaul.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**10**			
Earnings per share, past four quarters	**0.42**			
Dividend yield	**3.7**			
Health Care		**0.1%**	...	39.9%
Primary Hlth Care		**-4.5%**	-7.3%	3.0%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Japan's Daiei offers a vital lesson for JAL

Live to die another day?

After graduating from a state-led restructuring some three years ago, supermarket-operator **Daiei** is in the red again. The story of how it got there is a cautionary tale of a restructuring left only half complete—one that **Japan Airlines**' handlers should take heed of.

It was headline news when the government-backed Industrial Revitalization Corp. of Japan, or IRCJ, decided to take over Daiei in 2004. Some of the retailer's real-estate assets were sold to pay down debt and tenants were brought in to fill floor space left from a reduced focus on household goods and clothing. Store renovations were scaled back.

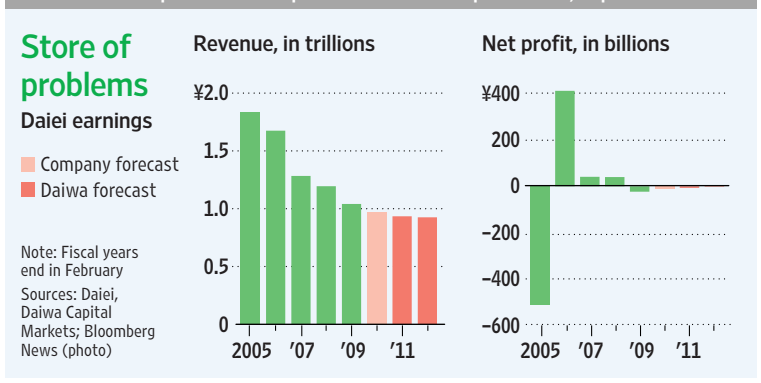
Initially, this worked. Daiei booked profits for three years during and after the revamp. But profits ended in late 2008, and Daiwa Capital Markets analyst Kazunori Tsuda forecasts Daiei will lose money for the next two years.

What went wrong? Daiei's balance sheet was cleared of debt, but costs were left too high, making it unable to respond to changing consumer patterns.

In particular, with prices falling and shoppers scaling back, Daiei has found itself squeezed by high real-estate costs. The company, which leased back the retail space it sold during the restructuring, pays 7.1% of revenue toward rent, Daiwa says. Rival **Ito-Yokado**, by comparison, pays 5.7% of its revenue toward rent.

Other cutbacks are actually holding Daiei back. Unrenovated stores and reduced advertising outlays mean Daiei isn't earning the kind of revenue from its expensive real estate it could. Ito-Yokado had $3,580 in sales per square meter versus $3,170 at Daiei in the first half through August.

Customers shop at a Daiei supermarket in Chiba prefecture, Japan.



Even having **Aeon**, one of Japan's largest retailers, as a shareholder with a 20% stake, hasn't helped Daiei enough. Aeon supplies some private-label goods and has sent five senior executives to Daiei, including its chairman. But Daiei could benefit further from joint procurement agreements with its larger owner and more management expertise.

Daiei isn't alone in its failings. Three-quarters of the companies revamped by the IRCJ through March 2007 didn't meet three-year restructuring targets, a survey by Teikoku Databank shows.

The lesson here should resonate with those leading Japan Airlines' bankruptcy restructuring. Many are former IRCJ executives. If the carrier doesn't get a firm grip on its cost structure, JAL could be on the same route as Daiei.

—James Simms

What Wen wants: a more benign bull

In uncertain times, sticking to the tried and trusted is often the best bet.

That was the broad message from Chinese Premier Wen Jiabao's work report to the National People's Congress. His long speech Friday included few new economic aims for 2010; Mr. Wen repeated the now ritualistic growth target of approximately 8%.

As is customary, too, Mr. Wen's words juxtaposed hyperbole with a real sense of the challenges facing China. The premier pointed to the "insufficient internal impetus" to China's growth, the country's weak innovation capability and industrial overcapacity, while also claiming China's strong growth last year proved again that "nothing can impede the course of the great rejuvenation of the Chinese nation."

Future historians may find plenty to chew on in that judgment. For now, Mr. Wen's cautious side, and that of his colleagues, will surely be more to the fore. The Beijing leadership has to steady last year's stimulus without allowing the economy to slip into a funk.

One area of particular concern is the country's property market. Fast-rising prices in some cities are blocking many from buying homes, making this a political as well as an economic problem. Bubble talk is gaining ground among China-watchers, too, with some noted critics comparing China's situation to Dubai's.

That, too, is hyperbole. If the idea of a China miracle was overdone last year, reports of its imminent demise are exaggerated as well.

Still, even if the Chinese authorities succeed in taming the property market—as they have done in the past—longer-term issues mean they and China's people eventually will have to settle for slower economic expansion.

Beijing would like to see China's economy become far less export- and investment-reliant, with more onus on domestic consumption. Such transitions can take time and prove painful and uneven, as Peking University professor of finance Michael Pettis has pointed out. Consider Japan's economic path since the 1980s, he suggests.

One concern is the property market. Fast-rising prices in some cities are blocking many from buying homes.

Moreover, the global economic crisis has shown that the robustness of a country's financial sector is key to its economic prospects. China's banks may look healthy on paper, but they can't indefinitely carry on pumping credit into projects that make a short-term economic splash but have little or no return. Bad-loan levels look set to rise in the coming years—even if gradually—constraining the banks' ability to keep lending to the sorts of projects that fueled growth last year.

That in turn means China also will have to keep up progress on liberalizing its economy so that enterprises in wealth-generating sectors, such as services, can grow more freely.

Listen to Mr. Wen's long list of reforms China will undertake toward such ends, and one would think the promised land is just around the corner. True rejuvenation is unlikely to prove so immediate.

—Andrew Peaple

delta lloyd
EUR 904,500,000
Dutch RMBS
Due November 2041
Joint Bookrunner
December 2009

noble group
USD 850,000,000
6.750% 144A / Reg S
Senior Notes Due 2020
Joint Bookrunner
October 2009

pepsi
USD 4,250,000,000
Floating Rate Notes Due 2011
3.100% Senior Notes Due 2015
4.500% Senior Notes Due 2020
5.500% Senior Notes Due 2040
Joint Bookrunner
January 2010

Telefónica
EUR 1,750,000,000
4.693% Fixed Rate Notes
Due November 2019
Joint Bookrunner
October 2009

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